

SHASTA COUNTY AIR QUALITY MANAGEMENT DISTRICT



CARL MOYER PROGRAM POLICIES & PROCEDURES MANUAL



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CARL MOYER PROGRAM POLICIES AND PROCEDURES**

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and Procedures intended to provide an explanation of the Shasta County Air Quality Management District (District) policies with regard to local implementation of the Carl Moyer Program. It also contains procedures for District's day-to-day operation of the Program in order to meet the requirements of the CH&SC, Carl Moyer Program Guidelines, CARB Technical Advisories, and District policies and procedures.

The District policies and procedures do not replace the Carl Moyer Program Guidelines but are intended to provide direction and procedures for the District's implementation of the Carl Moyer Program. The appendices to these policies and procedures include program-specific guidelines, samples of pertinent documents and forms as referenced in this document. District staff should reference the Carl Moyer Program Guidelines for detailed descriptions of CARB's Carl Moyer Program procedures and requirements.

This policy and procedure manual is not intended to conflict with state law – in the event of such conflict, state law should be followed in all cases.

3. Program Timeline

CARB has established a consistent timeline for each year's funding and reporting cycle. This timeline allows for award, obligation and expenditure of State funds to meet State fiscal requirements. State fiscal policy allows up to two (2) years for districts to execute contracts and encumber funds with an additional two (2) years for districts to fully liquidate those funds.

The timeline for each year of funds is as follows:

By End of January: CARB solicits applications from the districts based on allocations cited in Health and Safety Code section 44299.2(a).

By End of March: District applies for funding and submits an application to CARB

End of April: CARB notifies district of final awards and sends documents to the district. The Air Pollution Control Officer (APCO) signs and submits documents to CARB; Staff prepares the initial funding allocation request, obtains the APCO signature, and submits to CARB.

By End of May: The air districts return signed grant agreements to accept funding.

End of June – Following Year: Target date for contracts is to be executed.

End of June – Second Year: Deadline for air districts to receive fund disbursements

End of June – Fourth Year: 100% of disbursed funds required to be liquidated.

4. Carl Moyer Program Implementation

CARB determines the tentative awards for each year in accordance with the formula identified in CH&SC Section 44299.2(a). The formula provides a minimum allocation of \$200,000 to participating districts. With the exception of the South Coast Air Quality Management District, awards that exceed the minimum allocation of \$200,000 are calculated based on district population, severity of the air quality problems and the historical funding awards under the Carl Moyer Program.

CARB solicits district applications for the local programs by sending solicitation packets to the APCO at each district by the end of January. The application packet must be completed and submitted in accordance with the timeline. The application packet must include the completed application with original signature, documentation for the match commitment, Board resolution, and a statement confirming that an implementation plan in the form of a Policies and Procedures Manual is maintained at the District office. Detailed requirements for each of these items are included in the Carl Moyer Program Guidelines, Program Administration section. Designated District Moyer staff prepares the application package for submittal to CARB for Moyer funding. The APCO shall approve the application prior to submission to CARB. Designated District Moyer staff prepares a board resolution with associated staff report to be approved and adopted by the Air Pollution Control Board (Board) which would complete the application process. If a resolution has not be approved by the Board prior to submission of the application to CARB, the application will indicate when a resolution or minute order will be considered by the Board. A resolution will be approved and submitted to CARB prior to requesting any disbursement of funds.

CARB is in charge of issuing Carl Moyer Program guidelines and will provide guidance on project-specific questions when requested. The Carl Moyer Program guidelines (and advisories) developed by CARB serve as the minimum requirements that a district must use to structure its local implementation of a Carl Moyer Program. An air district may elect to set local standards that are more stringent than those developed by CARB but in no case shall the district policies and procedures be less stringent than those established by CARB. Districts may fund only those projects that meet the Carl Moyer Program guidelines and eligibility criteria, or those projects approved on a case-by-case basis by CARB staff. Current guidelines and advisories can be found at: <http://www.arb.ca.gov/msprog/moyer/moyer.htm>

CARB determines the final awards for each district. These awards are incorporated into a Grant Award and Authorization form, which specifies the amount of the award for projects, and outreach funding. Two (2) original copies are sent to the District. The APCO signs both copies and returns the signed copies to CARB for finalization. Funds are accepted after the resolution is approved by the Board and submitted to CARB. Once finalization is complete, one copy of the grant agreement is retained in district files and the other is kept by CARB. The end of May of each year is the deadline for acceptance of a grant award. As required in the grant award, the district must meet all application stipulations in order to accept any award.

To support timely emission reductions and track progress toward statutory fund liquidation requirements, the District and CARB will work together to meet recommended progress milestones as follows. Following the full execution of the grant agreement with CARB, the District will make every effort to have 50 percent of the project funds awarded under executed contract by June 30 of the next calendar year, and 100 percent of the project funds under executed contract by June 30 of the second calendar year of the agreement. The District will also make every effort to have 50 percent of the project funds liquidated within two (2) years, 75 percent liquidated within three (3) years, and 100 percent liquidated within four (4) years. Any funds not expended within four (4) years must be returned to CARB. (Health and Safety Code sections 44287(k) 44299.2(c)). CARB will not request a return of any funds under executed contract. The District designated Moyer staff will coordinate with the District administrative staff to prepare a letter to explain the remaining unexpended funds and request a check from the District in the amount of the remaining funds; and remit the check to CARB.

expenditures and keep these files for at least 5 years after the grant liquidation period or the last recorded grant transaction, whichever is later. These expenditures are tracked using District staff time accounting records, copies of invoices for Program outreach/mailings, and documentation for direct expenses. At this time, the District does not document indirect costs such as office space or telephone services in Administration Funds; the Board adopted hourly rate is billed to the Carl Moyer Program. The District will receive one check for both administration and project funds but will account for the expenditure of administration and project funds separately.

7. Project Solicitation and Outreach

The Carl Moyer Program allows district discretion in how projects are solicited. This District Moyer Program has elected to employ open application solicitation, verbal contact with sources and suppliers, web page announcements, and direct mail to individuals who have inquired. Districts are not required to fund all eligible categories and may target specific categories. The District currently solicits the following:

1. Lawn and garden
2. Infrastructure
3. Rural Assistance Program (RAP)
4. Off road agricultural replacement through the Voucher Incentive Program Volume II (VIP)
5. AB 617 CAPP Incentive Projects

A sample solicitation is included in the appendices of this manual. The District Board must approve the Carl Moyer Program structure and funding, and any delegation of authority to the APCO via formal resolution. The Board grants authorization to the APCO to accept funding and approve projects. Additional programs not currently being solicited have been approved by the District board and those programs will be incorporated into this document as solicitation for those programs resume or commence. All project Contract Agreements are signed by the Applicant, APCO, County Counsel and Risk Management.

All applications must include a disclosure statement, identifying whether the applicant has applied to other entities for funding and identification of the potential funding source(s). In addition, the applicant must certify that no other funding has been received for the project and complete the regulatory compliance statement. Sample application forms, including funding certification, for each funding category are included in the appendices of this manual.

The District has a commitment to outreach to all sectors including environmental justice communities if Shasta County has these areas and small businesses to the best of its ability. This may be accomplished through public workshops and meetings, one-on-one meetings, district mailing lists, and through the District website. Outreach documentation is kept in the central Carl Moyer Program files and maintained by District Carl Moyer Staff; it is available for reporting requirements and for any potential audit.

8. Project Categories Solicited by Shasta County

The District will accept any of CARB standardized application forms or any form from other air districts that an applicant has retrieved, filled out, and submits to Shasta County provided the application contains all pertinent information necessary to evaluate the project for selection.

Following execution of the Grant Award and Authorization, the District shall submit a Grant Disbursement Request form to CARB to obtain funding. The District may request an initial disbursement up to 10 percent of its allocation or \$200,000, whichever is greater, and some or all administrative funds. The District has the option to request additional project funds to be included in the initial disbursement if it can meet and demonstrate all criteria in the 2017 Guidelines Program Administration Section E.2. Prior to receiving the initial disbursement, the district must submit documentation of the obligation and expenditure of previous years' Carl Moyer Program funding and match funding. Any Carl Moyer Program funds provided by the State of California that are deposited in interest bearing accounts must be reported to CARB. The interest income must be used to fund projects that meet the current Carl Moyer Program Guidelines or returned to CARB. Interest shall be reported to CARB in Yearly Reports using the format provided by CARB.

The District designated Moyer staff shall process the grant disbursement request in accordance with the CARB timeframe. The funds are placed in an interest-bearing account with fiscal personnel tracking the funds and earned interest. The funds tracking documentation shall be kept in fiscal files for at least 5 years after the funds are liquidated.

5. Match Funding

Districts participating in the Carl Moyer Program who request more than the minimum allocation of \$200,000 are required to provide 15% in match funding for state Carl Moyer Program funding awarded by CARB. Match funds may be any funds under the air district's budget authority or fiduciary control. The District currently uses motor vehicle registration fees to satisfy this requirement. To count as matching funds, motor vehicle registration fees must be used on motor vehicle projects as defined in the Guidelines, which also include self-propelled equipment like tractors and forklifts. Motor vehicle registration fees may not be used for stationary sources. Up to 15 percent of the match requirement may be provided through un-reimbursed "in kind services" (i.e., the cost of District staff time over and above the amount reimbursed by program administration funds). See additional details on matching fund requirements in Section I.5 of the Program Administration chapter of the state Carl Moyer Guidelines. The District may meet the match fund requirement on an overall program basis rather than a project-by-project basis. In other words, the District does not need to provide match funds towards each project funded but must fund enough projects (in total or in part) with match funds in order to meet the match requirements. The Air Quality District Manager manages these projects programmatically and the Chief Fiscal Officer manages them fiscally. The District administrative staff shall track these funds in the same level of detail as other Moyer program funds. District Moyer staff shall track match funds for projects using CARB Clean Air Reporting Log (CARL) database.

6. Administration and Outreach Funds

CARB sets aside up to 12.5 percent of the total Carl Moyer Program annual funding for local air district outreach to implement the local program. These funds are distributed to each district based on the annual allocation of project funds that a district receives and may be requested in whole or in part with the initial disbursement. Administrative funds may be used for direct costs associated with the tasks outlined in the Program Administration section of the Carl Moyer Program Guidelines and must be documented by district staff. Administration funds can also be used as project funds if designated by the district. The District administrative staff will document these

The District also accepts CARB's standardized application forms for the administration of Voucher Incentive Programs for off-road equipment which has also been authorized by CARB to be modified to meet Shasta County formatting requirements. Category-specific forms can be found in the appendices of this manual.

Detailed Project Criteria for all project categories are contained in the state Carl Moyer Program and FARMER Guidelines. Solicited Shasta County categories are listed below along with notable state restrictions and other general information.

A. CHAPTER 9 – LAWN AND GARDEN EQUIPMENT REPLACEMENT

The lawn and garden equipment replacement program provides a streamlined approach to reduce emissions by replacing existing gasoline lawn mowers with cordless, zero-emission electric lawn mowers. Zero-emission lawn mowers are not required by regulation, so the emission benefits are surplus. The Moyer Program provides funding for vouchers to offset part of the cost of the replacement electric mower.

Projects eligible for funding consist of new replacement cordless, zero-emission electric lawn mower purchase to replace an existing gasoline lawn mower which is to be scrapped. The maximum total project funding amount associated with reducing eligible cost of a lawn mower replacement project has been predetermined as \$145 per mower. As allowed under Chapter 2, Sections I, N, O, P, and Q, the District may contribute additional non-Moyer Program incentive funds towards the purchase of an individual lawn mower. However, Moyer Program funds combined with any other funding under the air district's budget or fiduciary control cannot exceed \$145. Bulk-purchasing discounts from the electric lawn mower manufacturer or merchant is allowed. Shasta County allows for participants to apply on a first-come, first-serve open application process pending available funding. Complete program requirements and application processing can be found in the appendices of this manual.

B. CHAPTER 10 – EXPANSION OF INFRASTRUCTURE

Senate Bill 513 (Beall, Chapter 610, Statutes of 2015) provides the Carl Moyer Program the ability to incorporate infrastructure projects into its program. It authorizes the funding of projects that enable the deployment of alternative, advanced, and cleaner technologies to support the State's air quality goals. Specifically, H&S Code Section 44281(c) gives CARB the ability to provide funding toward the installation of fueling or energy infrastructure to fuel or power covered sources. Statute does not require infrastructure projects to meet a cost-effectiveness threshold. All infrastructure projects must be used to fuel or power a covered source as defined in H&S Code Section 44275(a)(7). These covered sources include but are not limited to on-road, off road, agricultural and marine vessel emission sources.

Shasta County allows for a first-come, first-serve open application process pending available funding. Eligible projects include but are not limited to the following:

1. Battery Charging Station – New, conversion of existing, and expansion to existing non-residential battery charging stations. (e.g., workplace charging, direct current fast chargers along freeway/roadway corridors, long-term charging at destination areas such as airports and shopping centers and charging at distribution centers and warehouses).

2. Alternative Fueling Station – New, conversion of existing, and expansion to existing hydrogen and natural gas fueling stations.
3. Stationary Agricultural Pump – Pump electrification
4. Shore Power – Shore-side electrification
5. Additional projects may be considered on a case-by-case basis, such as residential battery charging stations for low income and multi-unit dwellings, as well as infrastructure for transport refrigeration units and truck stop electrification. The District will contact CARB for prior approval for case-by-case projects.

Public and private entities are eligible to apply unless otherwise stated. Public entities include but are not limited to State, metropolitan, county, school districts, university, and federal agencies or organizations. Private entities include but are not limited to private organizations, and corporations. Out of State applicants are eligible to apply provided that the infrastructure is situated in California. Complete program requirements and application processing can be found in the appendices of this manual.

9. Correspondence and Coordination with CARB

CARB has assigned a rural team of liaisons for Shasta County. The current liaison can be reached at: carlhelp@arb.ca.gov. Carl Moyer Program duties are performed by the Air Quality District Manager or designee. Carl Moyer fiscal duties are performed by the Department Chief Fiscal Officer. District staff shall document any correspondence with CARB staff regarding CARB interpretations, clarification, guidance or possible deviations from the Carl Moyer Program Guidelines. All documentation shall be kept in the Carl Moyer Program project files. Carl Moyer Program project files are kept in the Air Quality District Manager or designee staff office and are retained for a minimum of two years after the submittal of the Final Report for that funding cycle to CARB.

CARB has developed a centralized database for all Carl Moyer Program projects. The Clean Air Reporting Log (CARL Database) is used by the district to track project status, project funding and to generate reports for both District use and CARB submissions. CARB provides on-going training to district staff in the use of the database.

10. Project Selection

In accordance with CH&SC section 44288(a), the District reviews all applications for completeness upon receipt and notifies the applicants in writing within five working days of application receipt if the application is not complete.

The Air Quality District Manager or designated staff reviews project applications for completeness. Projects must meet the minimum requirements as stated in the Carl Moyer Program Guidelines and CARB Technical Advisories. The project selection is made by the District staff within two months. An additional three months is allowed to schedule an Air Pollution Control Board meeting and obtain signed contracts if necessary. Complete applications received for the Voucher incentive programs which meet program standards can be evaluated and issued in a much shorter time frame.

Funds are awarded based on the complete application receipt date and the meeting of the \$30,000/ton or higher cost effectiveness requirement if applicable. In the event that applications are submitted on the same day projects will be funded in the order they are received until funds are exhausted. Projects will be funded on a first-come, first-serve basis to all applications that meet the criteria and requirements, while program funds are available. Qualifying projects are entered into the District's (or CARB's) database.

Districts enter application data into CARB's database before awarding project contracts.

All projects subject to Voucher Incentive Program Guidelines are awarded on a first-come, first-serve basis.

11. Obligation of Funds to Projects

Once a project application has been completed and approved by District Moyer Staff and APCO, obligation of funds can take place. The Shasta County Board has authorized the APCO to sign the Carl Moyer Program year grant agreements to accept each year's funding. Fully executed Contract Agreements are signed by the Applicant, APCO, County Counsel, and Risk Management which then a final copy is sent by the District to the awardees. The District is required to commit state funds three years from June 30 of the year the District receives its initial Grant Award and Authorization Form. A sample of this form is included in the appendices of this manual.

12. Contract Development (Grant Agreements)

CARB requires that all Carl Moyer Program project contracts contain the following provisions: party names and date; contact information for correspondence, contract term, including project completion and projection implementation/life; payment provisions, including maximum contract amount, the requirement for itemized invoices, funding disclosure and non-compliance terms, where grantees certify that they have disclosed all other public funds they may have applied for or received for a project and prohibits grantees from applying for or receiving other public funds for the same project; Carl Moyer Program compliance requirements; requirement for maintenance of engine/vehicle; project specifications and performance expectations, repercussions for non-performance, on-site inspections; records retention, reporting and auditing; maintenance requirements; insurance requirements; notices; and signature blocks for both parties. The contract or Grant Agreement(s) also contain a statement that the grantee will certify compliance with all applicable federal, state, and local regulations and will maintain compliance for the full term of the contract. Additionally, the program cannot be used to generate credits or compliance extensions and regulatory compliance determinations.

Grant Agreements for the Voucher Incentive Program are developed with the dealers and dismantlers located within the boundary of the Shasta County Air Quality Management District.

Carl Moyer Contracts are developed under the direction of the APCO. They are reviewed by the CARB liaison during the Policies and Procedures review. County Counsel, and County Risk Management review each contract before obtaining signatures of the parties. A sample of a District contract is included in the appendices of this manual.

13. Expenditures: Project Invoice and Payment

A project may be paid for once District staff conducts a post inspection as described in Section 14 below, contract is signed, and the District receives a reimbursement invoice from the Grantee as well as a copy of an itemized invoice from the Grantee's supplier. A supplier invoice must include enough detail to ensure only eligible project costs are being reimbursed.

In order to be eligible for Carl Moyer Program funding, labor expenses must be included in the project invoice, including details on the number of hours charged and the hourly wage. Labor expenses equal to or less than the equipment cost may be eligible for funding.

Installation costs for eligible hardware, and transport costs for eligible hardware are eligible for Carl Moyer Program funding with the following exceptions. Installation costs for diesel-to-diesel agricultural pump repowers are not eligible for funding. Installation labor cost incurred by a grantee's own employees is not eligible for funding. Taxes on all engines, equipment and materials are not eligible for funding.

A potential grantee may not order or make a down payment on a new engine, piece of equipment, or vehicle prior to contract execution. Dealers ordering engines, equipment, or vehicles prior to district approval of grant applications assume all financial risk and are in no way ensured program funds. A grantee may not receive engines, equipment, or vehicles until the project contract is fully executed. Payments shall be made directly to the contracted grantee.

For projects where the participant must comply with a CARB regulation early to receive funding, invoices may not be paid until the project participant has provided documentation that early compliance has been achieved. A project participant may demonstrate early compliance via a detailed letter signed by the vehicle or equipment owner or legal representative or, if the regulation requires CARB to certify compliance, through CARB certification.

Invoices received after a project post-inspection has been completed must be evaluated for consistency with the project post-inspection form.

The District shall maintain copies of all invoices and documentation of payment in the project files. Project files are kept for an additional two years after the project is completed.

Once the Air Quality District Manager or District staff has completed the post inspection and has determined that the project has met the contract requirements, the District Manager reviews the applicant invoice for correct amounts, approves it, and submits it to the Chief Fiscal Officer for payment. The Chief Fiscal Officer prepares a County Claim/Authorization for Release of Funds and submits it to the Auditor's office for payment. A copy of the claim and invoice is maintained in the program file by the Air Quality District Manager for the life of the project. Progress payments are not made.

Voucher Incentive Program inspections may be performed by dealers who have received district training per the VIP guidelines.

14. Project Inspections

Pre- and post-inspections must be completed for all funded projects. The exception to the required inspections is for public fleets. Public fleets are discussed below in the pre- and post-inspection paragraphs.

A. PRE-INSPECTION

A Pre-project inspection is conducted by District staff. Contracted dealerships of the Off-Road VIP Program may conduct pre-project inspections if training has been provided by District staff. This inspection occurs before the contract is taken to the Board or APCO for signature, depending on which program is applicable. The pre-inspection process includes, at a minimum, collecting the serial number of the baseline engine and verifying the information in the application about the baseline engine (make, model, model year, horsepower). The pre-inspection shall also verify the engine is operational (with a startup) and that the engine is working as described in the application (document function and use). "Operational" means that the engine must start and be able to perform its intended purpose. Photos shall be taken for the file. The photos must include the applicant's name, date the photos were taken, and the serial number of the engine. The photos must show the engine in the vehicle/vessel/equipment and show a close up of the engine plate. A pre-monitoring form shall be used to document the pre-inspection. This form is included in the appendices of this manual. All pre- and post-inspection photos will be maintained in the project file, along with the inspection forms.

The inspection report and photo are maintained in the program file for each project. Public fleet inspections are conducted in the same manner.

B. POST/DISMANTLE-INSPECTION

Post-inspection occurs after receipt of an invoice from the engine owner, but prior to the District's final reimbursement for the engine. In the case of public fleets of more than 20 vehicles, the District inspects a random, statistically significant number of vehicles. The post-inspection verifies that the engine listed in the contract was installed and/or purchased (if equipment replacement project). Information to be recorded includes serial number, make, model, model year, and horsepower. The engine must be operational in the equipment or vehicle as stated in the contract. "Operational" means that the engine must start and be able to perform its intended purpose. Inspecting District staff shall visually witness all engines start-up and mobile projects operating as intended. Vehicle/engine information shall be documented with photos.

If applicable, the post-inspection shall verify that the baseline engine or vehicle is destroyed or otherwise rendered non-operational. Depending on the method of destruction, District staff must see the destroyed engine, witness the engine destruction, and take photos of the destroyed engine. The photos shall include the name of the owner and date of inspection. For engines with a complete, fully visible and legible engine serial number, District staff must see the destroyed engine or the receipt from the qualified vehicle salvage yard. For engines without a complete, visible, and legible serial number, District staff must stamp the engine block with the Carl Moyer Program project number and be present to personally verify engine removal from the project vehicle or equipment and the subsequent engine destruction. CARB will consider alternatives to stamping the engine block on a district-by-district basis. Engine destruction for the purposes of this program is creating a hole approximately three inches diameter in the lower part of the block

with a sledgehammer or hole saw once it has been determined that the serial number matches the serial number on the contract.

A post-monitoring form shall be used to document the post-inspection. This form is included in the appendices to this manual. All pre- and post-inspection photos will be maintained in the project file, along with the inspection forms.

The destruction of the engine must be documented by district staff. District staff must verify either in-person or through photographic or video evidence that the destroyed engine serial number matches that on the project contract. The Air Quality District Manager or designated staff conducts the post inspection (or dealership if VIP). Photos are taken of the new engine and the destroyed engine. Public fleets are fully inspected.

15. Project Tracking, Monitoring, Auditing, and Actions on Non-performing Projects

Grantees are required (as a condition of the Grant Agreement) to submit annual reports for the life of the project. The annual reports are designed to give the District an understanding of how the equipment funded is being used and performing, and where this activity is occurring. The District will mail reporting forms to each grantee in mid-December of each year. The District will mail a second form to grantees that do not complete the first form within two months of the original mailing. Grantees that do not comply with the reporting requirements are subject to District auditing as specified in the Carl Moyer Program Guidelines. A copy of an annual reporting form can be found in the appendices of this manual.

Staff shall conduct audits of any non-voucher project that has been executed within 5 years of the current Moyer funding year that has failed to submit the annual reporting form (including the last reporting form required at the end of the term of the grant agreement) after the reporting deadline.

Staff shall conduct audits of at least 5 percent of non-voucher projects executed within 5 years of the current Moyer funding year and have been funded for at least one year and are also within two years of contract expiration.

Audits shall include verifying that the funded engines are still operational in the same equipment and meet the mileage, fuel usage, or hours of operation indicated on the executed contract. This shall be completed by checking the serial number of the engine; witnessing the engine operate; and checking the odometer, hour meter/usage device, fuel receipts, or EMU.

Non-performing Projects: All grant agreements contain a provision that the grantee may be excused from its provisions by requesting the termination of the Grant Agreement and returning funds on a pro rata basis. If annual reports indicate that project activity is more than 30 percent below the level of use committed to in the grant agreement, the District shall extend the reporting term, attempt to recover funds, or consult with CARB to determine what, if any, action must be taken to ensure the emissions benefits are realized and captured. In addition, the District shall audit all other engines owned by the same participant and included in the same Carl Moyer Program funded project.

The level of effort the District takes to recover funds may be guided by circumstances such as 1) The existence of fraud or intentional misuse of funds, 2) The amount of Carl Moyer Program funding involved, and 3) The ability of the applicant to repay the funds.

The audits will be reviewed by the Air Pollution Control Officer or District Manager.

16. District Reporting to CARB

Staff shall enter all project data into the CARL database, produce and submit all required reports to CARB. The CARL database can generate Initial Reports, Final Reports, and Status Reports.

District reporting to CARB is done by the Air Quality District Manager or designated Moyer staff. All fiscal information which is not initially entered into CARL is generated by either the Fiscal Officer or Staff Services Manager. All reports are approved by the APCO.

17. Waiver

The District may grant waivers to grantees for defined time periods, without penalty. Grantees must demonstrate to the APCO's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment and the underutilization was due to unforeseen conditions beyond the grantee's control.

(1) Waiver issuance conditions may include:

- a. A decrease in usage due to economic hardships;
- b. Unforeseen fluctuations in water allocations or pumping needs for Ag pump engines; or
- c. Significant land fallowing for off-road Ag equipment and Ag irrigation pump engines.

(2) To be considered for waivers, grantees must provide written requests to AQMD and documentation substantiating waiver need, and verification that higher-polluting equipment is not consequently receiving more use. Acceptable documentation includes:

- Documentation from appropriate governmental agencies regarding surface water deliveries and fallow land.
- Relevant logs regarding the amount of groundwater pumped in lieu of surface water deliveries, agricultural pump engine registration or permit information.
- Records showing idled vehicles or equipment are still owned by the grantee.
- Relevant information from CARB's Diesel Off-Road On-Line Reporting System.
- Other pertinent economic hardship documentation.
- Additional forms of documentation not included in these policies and procedures can be evaluated and approved by APCO on a case-by-case basis.

The waiver must be in writing, signed by the APCO, and included in project file. Waiver must include a term. Waivers do not exempt grantees from annual report requirements. Appropriate notations regarding waiver issuance must be included in CARL database Comments fields.

(3) Project cost-effectiveness will be recalculated to account for decreased usage. If project is below the cost-effectiveness cap in effect on contract execution date, waiver is not required. AQMD will monitor the project for one year to determine if additional actions are necessary.

18. Project File Set-Up and Maintenance

The District maintains documentation of solicitation and project selection by fiscal year, as well as program project and fiscal files.

Project files are set up and maintained by Designated Carl Moyer Program staff. All project files are paper based. The CARB database is used for determining project cost effectiveness and selection. Each project file contains the application, contract, inspection reports and photos.

Fiscal files are maintained by the Chief Fiscal Officer. The fiscal files contain individual project amounts and accounting information for the overall Carl Moyer Program. All files are retained for the life of the projects.

19. CARB Oversight

As part of their oversight responsibilities, CARB staff performs desk reviews of District Carl Moyer Programs, on-site monitoring and audits. Audit of the District's program may involve other state agencies, such as the Department of Finance and State Bureau of Audits. Audits may be fiscal, programmatic, or both.

An audit situation would involve the Air Quality District Manager and designated Moyer staff, the Chief Fiscal Officer, and APCO.

20. Fiscal Management

- (a) Allowable Costs. Carl Moyer Program administrative funds shall be used only for Carl Moyer Program administration and outreach including: District staff time, printing, mailing, and travel costs; project monitoring and compliance expenses; and indirect costs such as general administrative services, office space, and telephone services.
- (b) Required Documentation. The District shall maintain the following documentation of Carl Moyer Program funds used for administration and outreach:
 - (1) Personnel documentation shall make use of the district's time accounting database.
 - (2) Consultant fees including County Counsel legal fees shall be documented with copies of the consultant contract and invoices.
 - (3) Printing, mailing, and travel expenses shall be documented with receipts and/or invoices.

- (4) The District travel cost criteria shall be consistent with the District's written travel policies for other District programs and shall be documented by expense reports.
- (5) Indirect cost calculation methodology to determine indirect costs of program administration are described below:

The primary basis for determining the indirect cost rate is direct salaries and benefits associated to the program.

$$\text{Indirect Cost Rate} = \frac{\text{Total Program Salaries and Benefits}}{\text{Total District Salaries and Benefits}}$$

The calculated indirect cost rate is applied to the allowable indirect costs (as determined by District Fiscal Staff). The Direct salaries and benefits reflect an after-the-fact distribution of actual work hours reported by staff using project codes applicable to the program. This allocation methodology proportionately allocates costs in a manner that most accurately reflects the benefits of the services and supplies provided. Exceptions to this are those services and supplies that the calculated indirect rate calculation may not apply. In this case, other methods deemed reasonable will be used to determine the appropriate indirect cost allocation. The basis used will be clearly identified including justification as to why it is applied to the indirect cost.

The District shall maintain documentation for all costs referenced in the indirect cost calculation formula including explanation for any deviations to the indirect cost calculation.

- (c) The above documentation, records, and referenced materials shall be made available for review during CARB or other State agency monitoring visits and audits. These records shall be retained for a minimum of two years after submittal of the Final Report for that funding cycle to CARB.
- (d) Carl Moyer Program staff shall maintain expenditure spreadsheets that document the current state of obligations and expenditures for each program year. Spreadsheet expenditures shall be updated each time a payment request memorandum is sent to the fiscal department. Spreadsheet obligations shall be updated each time the Board/APCO approves a new grant agreement. An updated spreadsheet shall be e-mailed to the fiscal department staff at least twice each year and whenever requested.

21. Interest Earned on Carl Moyer Program Funds

Any interest accrued on Carl Moyer Program funds provided by the State that are deposited in interest bearing accounts must be reported to CARB. The interest income must be expended on projects that meet the current Carl Moyer Program Guidelines in accordance with the timelines as

specified in the Guidelines. Projects funded by interest earned shall be entered into the CARL database.

The District maintains a segregated fund account that tracks revenues, expenditures, and interest. Interest calculation for all fiscal programs, including the Carl Moyer Program, is performed by fiscal staff based on average daily balance. The District receives quarterly interest apportionment from the County Treasury Department.

Interest is easily and separately identifiable. The District segregates its Carl Moyer Program funds into separate accounts for program administration and Carl Moyer Program projects.

The District uses all interest earned in the project account to fund eligible Carl Moyer Program projects and may use interest earned in the program administration account for either Carl Moyer Program administration or Carl Moyer Program projects. Carl Moyer Program Administration funds may be used for Carl Moyer Program projects if deemed feasible by the APCO.

The District tracks and reports on earned interest using the Funding Cycle Method.

22. Additional Programs

The following additional programs will follow the Carl Moyer Program Guidelines unless specified within its own guidelines as attached in the Appendices.

A. RURAL ASSISTANCE PROGRAM (RAP)

The California Air Pollution Control Officers Association (CAPCOA) offers additional assistance through the Carl Moyer Program to applicants located in rural air districts that do not implement the Carl Moyer Program. There are occasions where the District will be asked to administer equipment replacement projects that utilize funding from the Rural Assistance Program (RAP). These projects are funded by Moyer money not accepted by a rural district or by districts not able to obligate funds. The funds are pooled into a statewide fund for use by districts willing to execute to project. These projects are often equipment replacements that operate in several districts and would not normally be cost effective in any one district. The District utilizes the equipment replacement section of the guidelines to administer these projects. The District applies for funding of these projects separately from CARB and the annual Board Resolution for Carl Moyer funding will authorize the APCO to access RAP funding.

CAPCOA receives applications, selects the projects and delegates those projects to implementing districts for processing. Shasta County would implement the program post-project selection in the same manner as the standard Moyer funds post project selection.

In order to facilitate the use of RAP funds the District will conduct an Off-Road Equipment Replacement Program. The Program will be carried out as specified in Chapter 5 of the 2017 Carl Moyer Guidelines as shown in the Appendices of this manual. Only RAP or FARMER funds will be used for this Equipment Replacement Program.

B. OFF-ROAD VOUCHER INCENTIVE PROGRAM ADDENDUM

The Off-Road Voucher Incentive Program (VIP) provides a streamlined approach to reduce emissions by replacing existing, high-polluting equipment units with newer, lower-emission units. The VIP provides real emission benefits by retiring the high-polluting units earlier than would

have been expected through normal attrition or by regulation. Moyer funds for voucher projects are used to offset part of the cost of the replacement unit.

The District is authorized to participate in the Off-Road VIP program by utilizing the Carl Moyer Guidelines, Volume II, as a stand-alone document and need not to refer to the Carl Moyer Guidelines Volume I. The District must follow the VIP Guidelines Volume II, in order to offer vouchers as a funding option. The District has the discretion to set certain local eligibility requirements based upon local priorities.

The District has contracts with several equipment dealers to participate in this equipment trade-in program. Equipment owners agree to trade-in older high-polluting equipment for newer less polluting equipment and are eligible for a voucher to offset the cost of the new equipment. This program is limited to tractors and loaders between 25 and 174 horsepower used in construction and agriculture. The VIP guidelines Volume II contains detailed information on the conduct of this program and can be found in the appendices of this manual. The Carl Moyer Program Guidelines Volume II, and all forms associated with this program can be found in the appendices of this document.

C. FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTIONS (FARMER) Addendum

Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017) appropriated \$135 million from the State Budget for Fiscal Year (FY) 2017-18 to the California Air Resources Board (CARB) for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector. CARB staff developed these proposed *Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines* (Guidelines) to cover the three related sources of funding included in AB 134 and AB 109. In both budget bills, the following vehicle and equipment categories are listed as eligible for funding:

- Agricultural harvesting equipment;
- Heavy-duty trucks;
- Agricultural pump engines;
- Tractors;
- Agricultural UTV's
- Advanced Technology Demonstration Projects
- Other equipment used in agricultural operations

The District will participate in the FARMER program as part of the Shared Allocation Pool which is administered by the Placer County Air Pollution Control District (Placer County APCD) as a Participating District. The agreement with Placer County APCD involves the replacement of the above referenced eligible project categories. This grant program will operate under the Memorandum of Understanding with Placer County Air Pollution Control District, the FARMER Program Guidelines and the Carl Moyer Guidelines where applicable. The FARMER Program Guidelines, MOU agreement between Placer APCD and Shasta County, and all forms associated with this program can be found in the appendices of this manual.

**D. AB 617 COMMUNITY AIR PROTECTION PROGRAM (CAP)
ADDENDUM**

Assembly Bill (AB) 617 (C. Garcia, Chapter 136, Statutes of 2017) provides a community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in the communities most impacted by air pollution. Subsequent legislation has allocated funds for incentive projects to reduce or eliminate emissions from mobile, stationary, and community-identified pollution sources. These funds are distributed through the Community Air Protection (CAP) Program and known as CAP incentives.

Funded by Cap-and-Trade auction proceeds, CAP incentives are directed by the Shasta County Air Quality Management District (SCAQMD) to projects that reduce the toxic and smog-forming pollutants that affect public health in communities disproportionately affected by air pollution. CAP incentives are prioritized for the communities selected by CARB (or under consideration for selection) through the AB 617 implementation process. Project decisions follow outreach efforts by the air district to the public in those communities, and the opportunity for community members to propose and comment on specific projects.

Projects funded with CAP incentives must align with the goals and requirements of California Climate Investments, which include targeting funds to projects that meaningfully reduce local pollutant exposure in disadvantaged and low-income communities while also showing a net reduction in greenhouse gas emissions. As directed by the California Air Resources Board (CARB), at least 80 percent of CAP incentives must be invested in projects located in and benefitting these disadvantaged and low-income communities, with 70 percent invested in disadvantaged communities (if applicable).

CAP incentives were initially distributed under the auspices of the Carl Moyer Program (Moyer Program) where there is full consistency in the policies and procedures that the SCAQMD has adopted under both CAP incentives and the Moyer Program.

The Community Air Protection Program may utilize the Carl Moyer Guidelines in accordance with the CAP 2019 Guidelines. The grant awards shall be based on eligibility for Carl Moyer Program and community feedback received from disadvantaged or low-income communities. CAP incentive projects will be reported to CARB through the CARL database. The CAP Incentives Program Guidelines can be found in the appendices of this document.

Program Timeline (target date unless required by grant agreement)

Date	Goal
Ongoing	Conduct community outreach
March 17, 2020	Release project solicitation
April 17, 2020	Initial application due
By May 1, 2020	Submit Grant Disbursement Request to CARB
September 2020	Supplemental applications due
By June 30, 2022	100% of FY 18-19 CAP Incentive funds liquidated

Eligible Project Categories

The guidelines allow CAP Incentive Funding to be used for Carl Moyer Program eligible projects, Proposition 1B Program eligible projects, Hexavalent Chromium Plating Facility Projects, and Reducing Air Pollution in School Projects.

The Community Air Protection Funds Supplement (CAPFS) to the Carl Moyer Program Guidelines provides the requirements and funding levels for funding Carl Moyer Program eligible projects using CAP incentives. If selected, these projects will be administered using the District’s Carl Moyer Program Policies and Procedures Manual. The Carl Moyer Program Guidelines include funding caps and maximum eligible costs for specific project types. The CAPFS adopted revised caps and costs for certain CAP incentive projects. The table below shows the maximum funding amounts for Carl Moyer Program eligible products under the Community Air Protection Program that were modified by the CAPFS. All other project types will refer to the Carl Moyer Program Guidelines for caps and costs.

Maximum Percentage of Eligible Cost and District Funding Caps for Projects funded with CAP Incentives.

Category	Project Type	Community Air Protection	
		District Funding Cap	Maximum Eligible Cost
On-Road	School Buses	None	100%
	Transit Buses	None	95%/90%/60% *
	HHD Vehicles	None	95%/90%/60% *
	MHD Vehicles	None	95%/90%/60% *
	LHD Vehicles	None	95%/90%/60% *
	Emergency Vehicles	None	90%
Off-Road	Repower to Zero-Emission	\$50,000	95%
	Mobile Equipment Replacement	\$50,000	90%
	Portable Equipment Replacement	\$50,000	90%
Infrastructure	Any Infrastructure Project	None	60%
	Any Infrastructure Project Located at a Sensitive Receptor	None	100%
	Publicly Accessible Projects	None	70%
	Public School Bus Battery Charging and Alternative Fueling	None	100%

*Percentages are for fleets of 1-3 vehicles, 4-10 vehicles, and over 10 vehicles

For the FY 18/19 CAP incentives, the District will be open to solicit for the following Carl Moyer Program eligible projects provided that state and local requirements are met:

A. Zero Emission Infrastructure

- Battery charging infrastructure associated with an equipment replacement project;
- New battery charging stations

B. Reducing Air Pollution in Schools

These project categories are designed to decrease exposure and address a range of outdoor and indoor air emissions sources that may potentially affect the health of school children. The District may fund a project or projects at schools in disadvantaged communities or low-income communities. These project categories will be administered by this Policies and Procedures Manual with guidance from Chapter 5 of the Community Air Protection Incentives 2019 Guidelines.

1. Air Filtration Systems

Air filtration reduces the concentration of particulate contaminants from indoor air and is an important component of a school’s Heating Ventilation and Air Conditioning (HVAC) system. Reducing airborne particles (such as PM2.5) is important because particulate matter negatively impacts human health, especially for sensitive populations such as children. Older HVAC systems and basic air filtration used in some schools only remove a small fraction of particles in the air that are smaller than 0.3 microns (µm). More efficient HVAC air filters and standalone air cleaners are important for creating healthier air in school classrooms. Table 1 shows the maximum funding amounts for this project type.

Table 1: Funding Amounts for Air Filtration Systems

Type of Equipment	Funding Amount ¹
Air Filters (MERV 14+)	Up to 100%
Standalone Systems	Up to 90%

¹Total cost cannot exceed \$45,000, unless increased by CARB, for all of the equipment and installation costs at each school site.

2. Composite Wood Products

This project type pays a portion of the cost to replace damaged school furniture with furniture that contains composite wood made with no-added formaldehyde (NAF) glue or ultra-low emitting formaldehyde (ULEF) glue, thus decreasing the potential for formaldehyde emissions in classrooms. Table 2 shows the maximum funding levels for this project type.

Table 2: Funding Levels for Ultra-Low/ No-Added Formaldehyde Composite Wood Products Used in Schools

Type of Equipment Funded ¹	NAF Funding Percentage	ULEF Funding Percentage
Tables/Desks/Countertops	100 %	90 %
Chairs	100 %	90 %
Cabinets	100 %	90 %

a. Zero-Emission Lawn and Garden

The use of internal combustion lawn and garden equipment to maintain schoolyards and sporting fields exposes children and equipment operators to elevated levels of air toxics and criteria air pollutants. This project type provides incentives to schools in disadvantaged communities or low-income communities and contractors servicing those public schools to purchase zero-emission L&GE less than 19 kilowatts (or 25 horsepower) such as lawn mowers, chainsaws, leaf blowers, trimmers, etc. Table 3 shows the maximum funding amount for this project type.

Table 3: Eligible Zero-Emission Lawn and Garden Equipment Types and Funding Amounts

Equipment Type	Equipment Funding Amount	Funding Amount for Additional Batteries and/or Charger
Chainsaws/Polesaws, Edgers, Trimmers, Blowers/Vacuums	70 percent of purchase price up to \$400	70 percent of purchase price up to \$400
Walk-Behind Mowers	70 percent of purchase price up to \$750	70 percent of purchase price up to \$750
Ride-On or Standing Ride Mowers	70 percent of purchase price up to \$15,000	Not Eligible

I. Project Selection

The District will use the Guiding Principles included in the CAP Incentives 2019 Guidelines to help select projects that meet the goals of the Community Air Protection Program and AB 617. These Guiding Principles include:

- Reducing emissions in disadvantaged and low-income communities, with a goal of 70% of funds benefitting disadvantaged communities and 80% of funds benefitting low-income communities;
- Considering toxic air contaminant, criteria air pollutant, and greenhouse gas benefits;
- Engaging communities and providing support;
- Protecting children;
- Providing emission reductions in excess of laws or regulations;
- Prioritizing zero-emission technology and infrastructure;
- Considering special projects that protect sensitive receptors;
- Ensuring transparency in project selection and reporting;
- Considering both cost-effectiveness and relative exposure reduction in funding decisions.

A. Community Engagement

The District will provide outreach to groups of potential applicants in disadvantaged and low-income communities to increase awareness of funding opportunities. The District may also conduct outreach in or near disadvantaged communities to seek input on important community needs from local residents and community-based organizations. Community outreach information will be documented for inclusion in disbursement requests and semi-annual reports. Priorities identified by community members and organizations will be documented and provided to the Air Pollution Control Officer (APCO).

A map of Disadvantaged Communities (SB 535 (De León, Chapter 830, Statutes of 2012)) and Low-income Communities (AB 1550 (Gomez, Chapter 369, Statutes of 2016)) is available at

<https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm>.

B. Project Solicitation

The District will offer a first-come-first serve application receiving process. The District will make the required documents and guidelines available to the public on the District website as well as at the District office. Applications will be reviewed, and if approved, the applicant will be notified within 30 working days of receipt of the completeness of the proposal. Approved applications will be tracked in the CARL database as well as in an excel spreadsheet.

Outreach for project solicitation will include press releases and outreach to the potential applicants and community groups involved in the community engagement process.

II. Project Management

A. Pre-Inspections

After selecting a potential project, the District will complete a pre-inspection prior to contract execution. Pre-inspections for Carl Moyer Program eligible projects will follow the District's Carl Moyer Program Policies and Procedures Manual.

The pre-inspection for school air filtration projects will include photos of the current in-use air filtration system, in-use filters, and the space to benefit from the project. The pre-inspection for composite wood product projects will include photos of existing furniture/furnishing to be replaced with manufacturer information, if on equipment. The pre-inspection for school lawn and garden equipment will include photos of the internal combustion equipment to be replaced.

All pre-inspections will include other relevant information including, but not limited to, name of inspector, date of inspection, name of equipment owner, and location and area of operation of the equipment.

B. Contract Development

Once pre-inspections are completed and the equipment is verified as being eligible for funding (if needed, through a compliance check with CARB), the District will develop a

grant contract. Grant contracts for Carl Moyer Program eligible projects will be developed in accordance with the District's Carl Moyer Program Policies and Procedures Manual.

Contracts for school projects will include the general requirements included in Chapter 5 of the CAP Incentives 2019 Guidelines, party names and dates, contact information for both parties, requirements regarding co-funding, contract term, project completion date, funding amount, project specifications including information on existing and new equipment, compliance statements, maintenance requirements, reporting requirements, recordkeeping requirements, provisions to allow audits and inspections, and repercussions for nonperformance.

The applicant has sixty (60) calendar days after receiving the contract to review, sign, and return the contract with all requested supporting documentation. If a contract and associated supporting documentation is not returned within sixty (60) calendar days, funds may be allocated to another project. Written requests for an extension may be approved on a case-by-case basis by the APCO.

An applicant may not order or make a down payment on a new engine, piece of equipment, or vehicle prior to contract execution. Dealers ordering engines, equipment, or vehicles prior to air district approval of grant application awards assume all financial risk and are in no way ensured program funds.

C. Post Inspections

The District will gather and document post-inspection information on all projects funded with CAP incentives prior to payment to the grantee. Post-inspections for Carl Moyer Program eligible projects will follow the District's Carl Moyer Program Policies and Procedures Manual.

The post-inspection for air filtration projects at schools will verify the following information, as applicable: Air filter and/or system manufacturer, model, MERV rating, pollutant removal efficiency (percentage), usage life, size, and filter materials. The post-inspection for composite wood product projects will include photos of new furniture/furnishing and the NAF/ULEF labels. The post-inspection for school lawn and garden projects will include photos of the new zero-emission equipment and destroyed combustion equipment. All post-inspections will verify that new equipment is consistent with the grant contract.

D. Project Completion

The District will make payment for a project or equipment only after the post-inspection finds the project or equipment in place and operational, and the air district receives an invoice itemized in sufficient detail to ensure that only completed and eligible project costs are reimbursed, and other sources and amounts of funding for the project are reviewed to ensure the sum of all project funds does not exceed the total project cost. For multi-stage projects, partial payments may be approved on a case-by case basis and is described in the contract. The District will maintain a clear record of progress payment in the project file and in the administration fiscal database.

A minimum of the full Contract amount shall be used to pay down any financing within 30 days of receiving payment from the District. Proof of payment is due to the District within 45 days of receiving payment from the District. The amount financed may not exceed the incremental cost of the project.

An applicant that is not a public entity must provide at least 15 percent of a project's Moyer eligible cost from non-public sources. The applicant cost share cannot be covered through in-kind contributions.

E. Air District Audit of Projects

The District will conduct audits of some projects funded with CAP incentives. These conducted audits are to include any projects with unsatisfactory reporting.

F. Nonperforming Projects

The District will work with nonperforming project grantees to ensure CAP Incentives project requirements are met and emissions reductions are achieved. Air districts may consider unforeseen circumstances beyond the grantee's control in determining repercussions for nonperformance.

If the District is not successful in gaining grantee compliance with the usage and program requirements specified in a contract, the District will make all reasonable efforts to recapture CAP incentives from the grantee, in consultation with CARB. Recaptured funds will be reassigned to projects that achieve the shortfall in emissions reductions or usage. The District's efforts to recapture funds may be guided by circumstances such as suspected or actual fraud or misuse of funds, the amount of CAP incentives involved, or the ability of the grantee to repay the funds.

III. Project Records

The following items will be maintained in the project file(s) until three years after the contract term:

- a. Applications and/or project proposals including receipt date;
- b. Project ranking and selection criteria as applicable;
- c. Correspondence;
- d. Pre & post inspection forms;
- e. Project invoices;
- f. Annual reports;
- g. Any usage waivers.

Administrative records, including project implementation costs, invoices, contracts, and personnel and payroll records will be retained for a minimum of five (5) years following the funds liquidation deadline for the grant.

Applications for unfunded projects must generally be kept a minimum of two (2) years following the solicitation period, or two years from receipt if there is not a specified solicitation period.

IV. Reporting

A. Annual Grantee Reporting

The District will request annual reports commencing no later than 18 months after project post-inspection and continuing annually thereafter throughout the project implementation phase of the contract. The District will include the dates the grantee annual report is due. Carl Moyer Program eligible projects will use existing reporting templates included in the Carl Moyer Program Policies and Procedures Manual.

School air filtration projects will report the estimated hours of use and average number of people in the room during use. Reporting will also include a statement of any performance and maintenance issues. School composite wood product projects will report the approximate average class size as well as the number of hours the room is in use.

The District will review the annual report for completeness, accuracy, and reported usage, and will maintain in the project file a copy of the report that is initialed and dated by the reviewing staff. If an annual report is incomplete, inaccurate or not received from the grantee on schedule, the air district will make a reasonable attempt to obtain a complete and accurate report from the grantee. If the air district is unable to obtain the report, the air district may identify the project for audit. Grantees that have not submitted complete required reports will not be granted funds for new CAP incentives projects until all reports are satisfactorily submitted.

B. District Reporting

Twice a year the District will report to CARB. The District will submit a Yearly Report in the fall and a Mid-Cycle Report in the spring. CARB will provide instructions for both reports. The District will complete, certify, and submit these reports by the dates specified in Table 4 below.

Table 4: Community Air Protection Incentives Reporting Dates

Date	Action
May 31	Mid-Cycle Report (Projects Nov 1 - April 30) due to CARB
June 30	CARB submits data to CCIRTS
November 29	Yearly Report (Projects May 1 – October 31) due to CARB
December 31	CARB submits data to CCIRTS

The District will also report project information in the CARL database, either via CARL forms or batch import, sufficient to populate the required data fields and to calculate covered emissions reductions and cost effectiveness for source categories where required. The District will ensure that information in CARL is complete, correct, and supported by documentation.

Reporting for CAP incentives projects may be updated to reflect program changes and California Climate Investments reporting requirements. In the event of a conflict, the California Climate Investments reporting requirements will take precedence. No later than six months after the District fiscal year end, the air district will append to its Yearly Report financial statements displaying revenues and expenditures related to projects funded by CAP incentives, in formats consistent with Generally Accepted Accounting Principles (GAAP).

V. Fiscal Administration

CAP incentives must be accounted for as separate funds or have separate project IDs within the air district's general ledger following GAAP. CAP Incentives grants are voluntary non-exchange transactions to the air district. As such the District should recognize revenues in the fiscal period when all eligibility requirements have been met and the resources are available. For reference see Governmental Accounting Standards Board (GASB) Statements 33 and 34.

A. Advanced Payment

The District will place advance payment funds in an interest-bearing account and track interest accrued on the advance payment. Interest earned on the advance payment will only be used for eligible grant-related expenses or will be returned to CARB.

The District will report to CARB the value of any unused balance of the advance payment and interest earned. The District will remit to CARB any unused portion of the advance payment and interest earned within 90 days following the end date of the grant.

The District will complete and submit to CARB for review and approval, an Air District Advance Payment Request Form, along with each grant disbursement that is requesting advance payment.

B. Project Implementation Costs

Allowable expenditures for administrative and implementation costs associated with the grant are divided into direct project costs and indirect project costs. Air districts must keep records of project implementation costs that include all necessary staff and tasks to implement the project. If appropriate, this includes activities such as outreach and education, research, data management, and reporting.

Direct project costs are the direct project labor and expenses associated with the project, and include, but are not limited to, the following: Personnel costs and fringe benefits, travel expenses, external consultant and third-party contract fees for direct support, Printing, records retention, and mailing associated with staff working on the project.

Indirect project costs are administrative costs not tied directly or solely to the project such as distributed administration and general administrative services; non-project related contracts or subscriptions; rent and office space, phones and telephone services, printing, or mailing services not associated with staff working on the project; or any other costs that are not directly and fully incurred to support the grant. Indirect project costs may not exceed 4 percent of the total grant amount.

C. Financial Statements

Financial statements containing the following account balances and transaction classes, as applicable, may be prepared annually:

- a. Cash and Cash Equivalents (cash, investment pools, petty cash);
- b. CAP Incentives Revenue Receivable (grant funding from CARB);
- c. Recapture Revenue Receivable (recapture funds receivable from grant participants for unmet contractual obligations);
- d. Accounts Payable (vendor invoices pending for CAP incentives projects);
- e. Fund Balance (restricted for Projects and Administrative costs);
- f. Revenue Subsidiary Ledgers;
- g. CAP Incentives Project Revenue;
- h. Administration and Operating Revenue;
- i. Recapture Revenue;
- j. Interest Revenue;
- k. Project Expenditures (from CAP incentives grants, recapture, salvage, interest);
- l. Administration and Operating Expenditures including indirect costs;
- m. CAP incentives air district money returned to CARB for reallocation;
- n. Transfers In/Out.

D. Interest Revenue

The District will maintain accounting records that tracks the grant's interest earned on CAP incentives separately from other incentive fund programs. The calculation of interest earned will be based on a daily balance or some reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program; and will be consistent with how it is calculated for the District's other fiscal programs. Interest earned will only be used for eligible grant-related expenses as specified in applicable guidelines, including administration up to the portion provided for in the grant agreement, or be remitted to CARB.

Earned interest must be fully expended or returned to CARB if it is not used by the end of the grant performance period. The District will report in the Yearly Report interest earned on all CAP incentives during the previous fiscal year. Documentation of the interest earned must be retained for a minimum of three years following its generation and liquidation.

VI. Coordination with CARB

CARB has assigned a staff liaison for each district. The present liaison assigned to the District is:

MSCD Grant Administration Section, California Air Resources Board
9480 Telstar Ave, Suite 4
El Monte, CA 91731
916-324-6234
dpaselk@arb.ca.gov

MSCDgrants@arb.ca.gov

District staff currently responsible for implementing the CAP Incentives program include: the APCO, Air Quality District Manager, and Designated Grant Staff. District staff will document any correspondence with CARB staff regarding CARB interpretations, clarification, guidance or possible deviations from the CAP Incentives 2019 Guidelines. All documentation will be kept in the CAP Incentives project files and should be retained for at least three (3) additional years after the last year of the District's participation of this program.

VII. CARB Oversight

- A. The District will comply with all oversight responsibilities identified in the CAP Incentives 2019 Guidelines, any future Program Advisories and Mail-Outs, and Grant Agreements.
- B. CARB or its designee reserves the right to audit at any time during the duration of this grant the District's costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The District will cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
- C. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a District, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law.

APPENDIX

Appendices:

1. Request for Applications
 - a. Solicitation Document
2. Applications
 - a. CLAMP Application
 - b. Infrastructure Application
 - c. Off-Road VIP Application
 - d. RAP Application
 - e. FARMER On-Road Application
 - f. FARMER Infrastructure Application
 - g. FARMER Off-Road Application
 - h. FARMER Zero-Emission Application
3. Inspections
 - a. Universal Inspection Form
4. Grant Agreement
 - a. Sample Grant Agreement Template
5. Annual Reporting
 - a. Carl Moyer
 - b. Off-Road VIP
 - c. FARMER
6. Expenditures
 - a. Sample Spreadsheet
7. Correspondence Letters
 - a. Sample Grant Agreement Acceptance Letter
 - b. Sample Informational Letter
 - c. Sample Incomplete Application Letter
8. Resolutions
 - a. Authorizes Participation of Program

- b. Authorizes District to Submit Applications for Funding
 - c. Acceptance of Carl Moyer Funding
- 9. FARMER Expansion of Project Categories
 - a. Approval of Program Project Modification
- 10. 2017 Guidelines Volume II: Off-Road Diesel Equipment Voucher Incentive Program (ORVIP) (dated 4/27/2017)
- 11. Chapter 9: Lawn And Garden Equipment Replacement
- 12. Chapter 10: Infrastructure
- 13. FARMER Program MOU, Policies and Procedures and Program Guidelines (01/11/2019)
- 14. AB617 Community Air Protection Incentives Guidelines (CAPP)

Appendix 1

REQUEST FOR APPLICATIONS

**Shasta County Department of Resource Management
Air Quality Management District
Carl Moyer Grant Incentive Program**

INTRODUCTION

The Carl Moyer Program was originally designed to substantially reduce emissions of oxides of nitrogen (NO_x), a smog-forming pollutant. The Carl Moyer Program has since expanded to also reduce Reactive Organic Compounds (ROG), a component of smog, as well as the fine particulate matter (PM) component of diesel exhaust which contributes to particulate air pollution and is a toxic air contaminant. Eligible projects must produce real, quantifiable emission reductions that are not required by any local, state, and/or federal rule or regulation, Memorandum of Understanding (MOU), or other legally binding document. Additional information about the program can be obtained by going to the California Air Resources webpage at: <https://ww2.arb.ca.gov/guidelines-carl-moyer>

The Shasta County Air Quality Management District (District) offers different types of grant incentives that pertain to specific eligible projects. Some programs are funded or co-funded with other grants as applicable to a project. Other than the Off-Road Voucher Incentive Program (VIP) and infrastructure, all projects funded must be cost-effective. Cost-effectiveness is a measure of dollars provided to a project for each ton of covered emission reductions. To calculate cost-effectiveness, the project grant amount is annualized based on the project's life and a discount rate. This annual cost is then divided by the project's estimated annual emission reductions (cost no more than \$30,000 for each weighted ton of NO_x, combustion PM, and ROG emissions reduced).

Grant programs provide incentives to purchasers of low-emission technologies which include:

- ❖ **On-Road Agricultural Vehicles (FARMER Only):** An on-road vehicle used in agricultural operations. Agricultural operations means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.
- ❖ **Off-Road Agricultural Tractors VIP (Moyer):** Tractors used in *agricultural operations* with uncontrolled off-road compression ignition engines that are greater than or equal to 25 horsepower and less than 175 horsepower and are not currently regulated by an Air Resources Board (ARB) in-use regulation.
- ❖ **Lawn & Garden Equipment (CAP AB617 - CLAMP) (Schools Only):** The purchase of new cordless, zero-emission electric lawn equipment or mower to replace an existing gasoline/diesel power equipment that is to be scrapped.

- ❖ **Infrastructure (Moyer/AB617):** Battery Charging Station, Alternative Fueling Station (new or upgrade), Stationary Agriculture Pump, Shore Power. Additional projects may be considered on a case-by-case basis, such as residential battery charging stations for low-income and multi-unit dwellings, as well as infrastructure for transport refrigeration units and truck stop electrification. Please contact District Moyer staff for further guidance on these case-by-case projects.

The Shasta County Air Quality Management District is seeking companies, fleet operators, schools, and individuals that are interested in replacing high-emitting equipment that have older engines with units that have newer engines with substantially lower emissions. This program encourages the replacement of these older units with a newer, lower or zero-emission unit instead of rebuilding an engine to its original emission standard. The intent is to provide the applicant an incentive to shift into lower or zero-emission engine technology. The maximum incentive available for eligible projects range depending on which program the project is eligible for. Incentive amounts are found herein. **These programs require that purchasers of low-emission technologies apply for incentive approval prior to low-emission technology purchase.**

FUNDING AMOUNTS

- | | | |
|--|--------------------|--|
| * On-Road Heavy-Duty Agricultural Vehicle: | Up to 65% | Cap: \$135,000 |
| * Off-Road Agricultural Tractors VIP: | \$2,000 - \$45,000 | Voucher Program |
| * Lawn & Garden Equipment - Schools Only: | Up to 70% | Cap: \$400/\$750/\$15,000 |
| Note: cap is determined by equipment type | | Voucher Program |
| * Infrastructure: | Up to 50% | Any Project |
| | Up to 60% | Publicly Accessible Projects |
| | Up to 65% | Solar/Wind Power Systems |
| | Up to 75% | Publicly Accessible Solar/Wind |
| | Up to 100% | Public School Buses Battery Charging – Alternative Fueling |

Cap- All Infrastructure Projects: Up to Percentage or discretion of APCO

GENERAL PARTICIPATION

1. Any individual, company, or public agency may apply to receive an incentive under these programs. The application will be evaluated in a manner consistent with the policy outlined in this document.
2. New original equipment manufacturer (OEM) low-emission engine replacement applications shall be eligible for this program.

3. The Shasta County Air Quality Management District (SCAQMD) reserves the right to reject an application that meets, the program criteria, **but** in the SCAQMD's opinion is not in good faith. All projects will be funded out of the same allocation of funds.
4. Most projects are funded on a first-come first-serve basis. For those projects that are solicited for application and must meet cost effectiveness requirements, funds will be awarded based on NOx, combustion PM, and ROG reduction. Projects will be funded starting with the most cost-effective to the least cost-effective projects during the initial application process. In the event that applications are submitted on the same day and rank the same for cost-effectiveness, projects will be funded in the order they were received until funds are exhausted. If there are any funds left over after the initial application process, remaining projects will be funded on a first-come, first-serve basis to all applications that meet the criteria and requirements, while program funds are available.
5. The SCAQMD requires that participants furnish certificates of insurance coverage. Self-insurance can satisfy this requirement upon approval by the Air Pollution Control Officer (APCO) or his designee.
6. Applications will be evaluated on the usage (e.g., miles, hours, fuel consumption) to determine cost effectiveness. Projects with usage in the South-Central Urban Region (SCUR) above 75% will be given priority over equally cost-effective projects outside of the SCUR. It is the expectation of the SCAQMD that the actual engine usage be at least that of the usage in the application. Otherwise, reimbursement to the SCAQMD may be required on a prorated basis. The APCO may relieve the applicant of reimbursement depending on the circumstances. This requirement shall be for the term of the Incentive Agreement which is a minimum of three years and up to a maximum of ten years.
7. Gasoline-to-diesel engine replacements are not eligible to participate in this incentive program.

GENERAL PROGRAM CRITERIA

The following restrictions apply to qualifying projects:

1. The purchase is NOT required by any local, state, and/or federal rule or regulation, including, but not limited to, EPACT requirements, existing regulations, memoranda of agreement/understanding, or other legally binding document.
2. Participant agrees that any emission reductions associated with the purchase of the low-emission technology will be retired in the interest of air quality improvement. Participant waives, for all time, its right to claim emission reduction credits which may accrue at anytime as a result of the use of the low-emission technology which is funded under these programs and agrees not to apply to the SCAQMD or any other Air Quality Management District or Air Pollution Control District for emission reduction credits.
3. Participant agrees to provide the SCAQMD with all the information regarding the application for and/or receipt of cost-share for any project involved in an application for SCAQMD incentive funds.

4. All replacement technology must be certified for sale in California and show at least a 15 percent NOx reduction level from the baseline engine being replaced. Gasoline-to-diesel replacements are not eligible to participate in this program.

APPLICATION PROCESS

1. Complete and attach the appropriate forms for **each** lower emission engine or project.
2. Attach the forms to each application and submit the package to the SCAQMD at the following address (**please do not fax original application**):

Air Quality Management District
Shasta County Department of Resource Management
Attention: Carl Moyer Program
1855 Placer Street, Suite 101
Redding, CA 96001

3. Application will be reviewed by SCAQMD staff to determine that all the required information has been provided and that all the program requirements are met. If the application does not meet the program requirements, the applicant will be contacted so that the information can be provided. The SCAQMD reserves the right to request additional information of the applicant and can deny the application if such requested information is not provided.
4. Please contact the District Office at (530) 225-5674 to inquire if applications for your project are currently being accepted.

SCAQMD staff will notify the applicants of project selection, then prepare three (3) original incentive agreements (if applicable) and send them to the applicant for signature. Upon return of the agreements signed by the applicant to the SCAQMD, the SCAQMD will process the agreements and will schedule the agreement for consideration at the next available Air Pollution Control Board meeting. Please contact the Air Quality Management District for exact dates and/or agenda. Funding is only authorized after both the applicant and the SCAQMD have executed the agreement.

INSURANCE REQUIREMENTS

Verification of Coverage

Participant shall furnish the District with certificates evidencing the coverage required below. Certified copies of required endorsements must be attached to provided certificates. All certificates are to be received and approved by the SCAQMD before work commences. The SCAQMD reserves the right to require Participant to provide complete, certified copies of any policy of insurance offered in compliance with these specifications. As an alternative to insurance certificates, Participant's insurer may voluntarily provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by these specifications.

Minimum Scope of Insurance

During the term of this Agreement, Participant shall, at its sole expense, obtain and maintain in full force and effect the type and limits of liability requirements as follows:

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence from CG 0001, most recent edition).
2. Insurance Services Office form CA0001 (most recent edition) covering Automobile Liability, code 1 (any auto).
3. Worker's Compensation insurance as required by the State of California.

Minimum Limits of Insurance

Participants shall maintain limits no less than:

1. **General Liability:** \$1,000,000 for each occurrence for bodily injury, personal injury and property damage. If commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** \$1,000,000 for each accident for bodily injury and property damage.
3. **Worker's Compensation:** Statutory

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII. The District may waive or alter this requirement or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Management Manager, the interest of the SCAQMD and the general public are adequately protected.

REIMBURSEMENT PROCESS

1. Upon execution of the incentive agreement by both parties, the program participant shall have 180 days to complete the replacement of an older engine with a newer lower-emission engine or complete an infrastructure project. **The APCO may, at his discretion, extend this time upon written request by the participant.**
2. The participant can invoice the SCAQMD for the incentive funding upon completion of the engine replacement or project, as verified by SCAQMD staff. Participant shall provide SCAQMD one original invoice containing:
 - Participant's name
 - Address
 - The incentive agreement number

- The incentive amount
 - Engine serial number (if applicable)
 - Detail of work done and parts installed
3. Proof of insurance should be received before the agreement is signed.
 4. Participant is responsible for destruction of old engine (as applicable) and must make the engine available for inspection by the SCAQMD or its agent.
 5. The SCAQMD shall notify the participant within 5 working days after receipt of the invoice whether additional information is required. Once all information has been provided, the SCAQMD shall provide the incentive amount to the participant within 45 calendar days.

Appendix 2

APPLICATIONS



**SHASTA COUNTY AIR QUALITY
MANAGEMENT DISTRICT**
1855 Placer Street Suite 101, Redding, CA
96001
Phone: (530) 225-5674 Fax: (530) 225-5237
www.co.shasta.ca.us

COMPLETE THIS SECTION THEN SUBMIT TO AQMD FOR PRE-APPROVAL BEFORE DISPOSING OF OLD EQUIPMENT/NEW EQUIPMENT

Applicant Information	<i>School/District Name (Please Print or Type)</i>	<i>Responsible Official (Please Print or Type)</i>
	<i>Contact Person Submitting Application (Please Print or Type)</i>	<i>Phone ()</i>
	<i>STREET Address</i>	<i>City, State & Zip Code</i>
	<i>MAILING Address (if different than STREET ADDRESS)</i>	<i>City, State & Zip Code</i>
	<i>E-Mail Address (optional)</i>	<i>How did you hear of the Lawn Mower Replacement Program?</i>

I. APPLICANT CERTIFICATION: (Applicant Completes)

Existing Lawncare Equipment (check one):

Walk- Behind mower
 Riding Mower
 Stand-on Mower
 String Trimmer
 Edger:
 Blower:
 Chainsaw
 Hedge Trimmer
 Pole Saw
 Leaf Vacuum
 Other: _____
 Gasoline
 Diesel
 Manufacturer: _____ Model: _____ Horsepower (if known): _____

New Lawncare Equipment (check one):

Walk- Behind mower
 Riding Mower
 Stand-on Mower
 String Trimmer
 Edger:
 Blower:
 Chainsaw
 Hedge Trimmer
 Pole Saw
 Leaf Vacuum
 Other: _____
 Gasoline
 Diesel
 Manufacturer: _____ Model: _____ Horsepower (if known): _____

1. New equipment must be the same type as the old equipment and is funded on a one-to-one replacement ratio (i.e., one old gasoline walk-behind mower for one new electric-powered walk behind mower).
2. Applicant must provide a quote(s) for the new equipment and any additional batteries and charger.
3. Voucher amount will be based on the quoted cost provided, not to exceed program funding limits listed in the Program Guidelines.

Purchase additional batteries and charger

of Batteries (up to 2): _____ NEW EQUIPMENT BATTERY VOLTAGE _____

Charger: YES _____ NO _____

- I certify that the following information is accurate and true and agree with these statements:
- I am a School or Educational Institution of California, and conduct in-house landscape services and operate existing gasoline and/or diesel-powered lawn equipment in Shasta County
 - I understand that the submittal of this application does not guarantee incentive funding for new landscape maintenance equipment.
 - I understand that an incomplete or illegible application may be rejected, and I will be notified by SCAQMD.
 - I understand that I must receive an approved program voucher from the District prior to the purchasing of new equipment or dismantling of old equipment.
 - I understand the District is not in partnership nor endorses any manufacturers or dealers. Any issues arising from the purchase of new equipment is between myself and the manufacturer and/or dealer. The District will not be held liable for any circumstances that occur between the applicant and the manufacturer and/or dealer.

Applicant Signature:	Date:	AQMD Pre Approval Signature:	Date:
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II. APPLICATION CHECKLIST:

REQUIRED DOCUMENTS FOR COMPLETE APPLICATION

- Complete Application
- Photo of Old Gasoline or Diesel-Powered Unit
- Quote(s) for new equipment type
- First Page of IRS Form W-9: The name of the organization identified on the application must match the name on the W-9
- For Public Agencies Only:** Resolution from the Applicant's governing body (i.e. City Council or County Board of Supervisors) authorizing the submittal of the application and identifying the individual and/or title of the individual authorized to implement the project. Other documentation signed by a duly authorized official with authority to make financial decisions can be submitted in lieu of a resolution.
- For Private Entities Only:** Documentation signed by a duly authorized official with authority to make financial decisions, authorizing the submittal of the application and identifying the individual authorized to implement the project.

PROCESS

- STEP 1 - Submit a completed application along with supporting documentation
- STEP 2 – Receive a Voucher from the District
- STEP 3 – Purchase your new electric equipment and destroy your old equipment
- STEP 4 – Submit a "Claim for Payment" Packet (Must contain the following Documents)
- Claim for Payment Form (provided by AQMD)
 - Original Signed Voucher
 - Destruction Verification Form
 - Copy of Final sales invoice or receipt for the new equipment purchased
 - Photo of Old gasoline or diesel-powered equipment
 - Photo of New zero emissions equipment
- STEP 5 – Own, operate and report on your new equipment

When complete, please mail, hand deliver, scan & email or FAX to:

Mail/Hand Deliver:

Shasta County Air Quality Management District
 Attention: CLAMP Program Staff
 1855 Placer Street, Suite 101
 Redding, CA 96001

E-MAIL: airquality@co.shasta.ca.us | FAX: (530) 225-5237

CARL MOYER PROGRAM INFRASTRUCTURE ATTACHMENT

1. INSTRUCTIONS AND ELIGIBILITY CRITERIA

**Please print clearly or type all information on this application attachment and submit with your base project application to your local air district:
<https://www.arb.ca.gov/app/dislookup/dislookup.php>**

Fill out one (1) application for each infrastructure project. Please note that additional information may be requested from the applicant in order to process this application.

Funding:

For infrastructure projects, up to the following percentages of eligible project costs may be considered for funding:

Infrastructure Projects	Maximum Percentage of Eligible Cost
All Projects	50%
Publicly Accessible Projects	60%
Projects with Solar/Wind Power Systems ¹	65%
Publicly Accessible Projects with Solar/Wind Systems ¹	75%
Public School Buses – Battery Charging and Alternative Fuels	100%

¹ At least 50% of the energy provided to covered sources by the project must be generated from solar or wind.

The applicant acknowledges that award of cash incentives is conditional upon the approval of the Program Administrator and is not guaranteed.

Eligible costs are limited to the purchase and installation of the equipment for power delivery or fueling directly related to the infrastructure project. The eligible costs listed below must utilize commercially available technologies.

Eligible project costs include:

- Cost of design and engineering, (i.e., labor, site preparation, Americans with Disabilities Act accessibility, signage).
- Cost of equipment (e.g., charging/fueling units, electrical parts, energy storage equipment, materials).
- Cost of installation directly related to the construction of the station.
- Meter/data loggers.
- On-site power generation system that fuels or powers covered sources (i.e., solar and wind power generation equipment).

**CARL MOYER PROGRAM
INFRASTRUCTURE ATTACHMENT**

Ineligible project costs include, but are not limited to:

- Existing station upgrade.
- Fuel and energy costs.
- Non-essential equipment hardware.
- Operation cost (e.g., operational fees, maintenance, repairs, improvements, spare parts).
- Extended warranty.
- Insurance.
- Data collection and reporting.
- Grantee administrative costs.
- Construction management.
- Storm water plans cost.
- Security costs.
- Testing and soil sampling
- Performance bond costs.
- Real estate property purchases/leases.
- Legal fees.
- Employee training and salaries.
- Travel/lodging.

General Eligibility Criteria:

The minimum qualifications for infrastructure projects are listed below. All projects must also conform to the requirements in Chapter 2: General Criteria and Chapter 3: Program Administration of the Carl Moyer Guidelines. The most recent Carl Moyer Guidelines are available on the California Air Resources Board's (CARB) website at <https://ww2.arb.ca.gov/guidelines-carl-moyer>.

These criteria include, but are not limited to the following:

- a.) The project must be installed and located in California.
- b.) The project must comply with all applicable federal, State, local laws, and requirements including environmental laws and fire code. For instance, air districts may need to perform CEQA review to obtain approval prior to funding a project.
- c.) A publicly accessible infrastructure project must be solicited and selected through a competitive bidding process that has been approved by the air district board.
- d.) Work must be performed by a licensed contractor.
- e.) For projects that contain Moyer Program funding for both infrastructure and engine replacement or repower within the same contract, only the cost of the engine replacement or repower will be considered when performing a cost-effectiveness calculation.
- f.) Publicly accessible stations must at a minimum be accessible to the public during regular business hours.
- g.) Equipment and parts must be new. Remanufactured or refurbished equipment and parts are not eligible.
- h.) Except for stationary agricultural pump projects, a completed Uniform Commercial Code -1 Financing Statement Form must be submitted by the air district to the California Secretary of State for infrastructure projects with a grant funding of \$50K or greater. The financing statement must list the air district as the secured party.

Eligible Infrastructure Projects:

Infrastructure projects must directly provide fuel or power to a cover source and include, but are not limited to the following:

- **Battery Charging Station:** New, conversion of existing, and expansion to existing non-residential battery charging stations. (e.g. workplace charging, direct current fast chargers along freeway roadway corridors, long-term charging at destination areas such as airports and shopping centers)

**CARL MOYER PROGRAM
INFRASTRUCTURE ATTACHMENT**

- Alternative Fueling Station: New, conversion of existing, and expansion to existing hydrogen and natural gas fueling stations.
- Stationary Agricultural Pump: Pump electrification.
- Shore power: Shore-side electrification.
- Additional projects may be considered on a case-by-case basis, such as residential battery charging stations for low-income and multi-unit dwellings, as well as infrastructure for transport refrigeration units and truck stop electrification.

2. ATTACHMENT CHECKLIST

Check each applicable box below to indicate inclusion.

- Completed application
- Co-funding information (if applicable)
- Dated and itemized quote for infrastructure project, including contractor names and contact information
- Map showing proposed location of infrastructure project, including the start and end points of any proposed power line (e.g., a Google Map)
- Documentation demonstrating that the applicant either owns the land on which the project will be located, or controls it through a long-term lease, easement or other legal arrangement, for the duration of the project life (at minimum three (3) years)
- If the land is not owned by the applicant, an executed lease agreement or letters of commitment lasting for the duration of the project life must be signed by property owners/authorized representatives and must be submitted with the application
- IRS Form W-9 (for the entity that will sign the grant contract and receive funds, if awarded)
- Other

CARL MOYER PROGRAM
INFRASTRUCTURE ATTACHMENT

3. PROJECT INFORMATION

Project Name:		
Applicant (Organization/Company/Individual Name):		
Will this project occur whether grant funding is provided or not? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is the applicant a public or private entity? <input type="checkbox"/> Public <input type="checkbox"/> Private	
Is the applicant the property owner? <input type="checkbox"/> Yes <input type="checkbox"/> No	If you are not the property owner, do you have a lease on the property that allows you to install the infrastructure? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Project Address/Street:		
City:	State:	ZIP Code:
Total Project Cost:	Total Funding Amount Requested: <input type="checkbox"/> Maximum eligible <input type="checkbox"/> Other: \$ _____	
List air district in California in which the infrastructure will be installed:		

Estimated Annual Use:
Description of Proposed Infrastructure:
Proposed Project Startup and Timeline:

**CARL MOYER PROGRAM
INFRASTRUCTURE ATTACHMENT**

If Power Line is Proposed:

Will power line be run above or below ground?

- Above ground
- Below ground

Length of Power Line to be Run:

Cost per Foot to Install Line:

Any other information relevant to the project not already covered in this application:

**OFF-ROAD VOUCHER INCENTIVE PROGRAM
Application Package**

- Please print clearly or type all requested information on this application.
- Submit all supporting documentation listed on the application checklist on pg. 2.
- Complete one application for each piece of off-road equipment.
- **If the submitted application is incomplete, illegible, or any documentation is missing or unclear, the application will be rejected immediately and returned to the applicant.**

Eligibility Criteria

To be eligible for funding in the Off-Road Voucher Incentive Program, projects must meet the criteria described in the Off-Road Voucher Incentive Program (ORVIP) Guidelines. These criteria include, but are not limited to, the following:

- Eligible Equipment: Uncontrolled off-road compression ignition equipment with engines that are greater than or equal to 25 horsepower (hp) and less than 175 hp that meet the following criteria are eligible to participate in the ORVIP:
 - Agricultural tractors that are not currently regulated by an Air Resources Board (ARB) in-use regulation.
 - Construction tractors/loaders/backhoes in small fleets that have a total fleet hp of 2500 or less, as determined by the In-Use Off-Road Diesel Vehicles Regulation (Off-Road Regulation).
 - Construction tractors/loaders/backhoes in medium fleets as determined by the In-Use Off-Road Diesel Vehicles Regulation (Off-Road Regulation) until December 31, 2013.
- Eligible Engines: The existing engine must be uncontrolled. Verification must be submitted in the application package. Verification can include a picture of the model year on the engine plate or written documentation from the manufacturer or participating dealer that matches the engine serial number to a particular model year.
- Ownership Requirements: The participant must currently own and operate the existing equipment. The participant must be able to provide two (2) items from the following documentation list:

- (1) Bill of sale for the existing equipment
 - (2) Copy of Diesel Off-road On-line Reporting System (DOORS) registration
 - (3) Tax depreciation logs
 - (4) Property tax records
 - (5) Equipment insurance records
 - (6) Bank appraisals for equipment
 - (7) Maintenance/service records
 - (8) General ledgers
- **Prior Minimum Usage Requirement:** The existing equipment must have met the annual usage requirements in Appendix O, during each twelve (12) months for the previous twenty-four (24) months. Participants must submit documentation verifying usage for the previous twenty-four (24) months for the existing equipment. The participant must be able to provide at least one (1) of the following types of documentation:
 1. Hour meter reading log collected at minimum of once per year from an installed and fully functioning hour meter or
 2. At least two (2) items from the following list proving existing equipment is being used by the fleet:
 - A. Revenue and usage records that identify operational, standby, and down hours for the equipment
 - B. Employee timesheets linked to specific equipment use
 - C. Preventative maintenance records tied to specific hours of equipment use
 - D. Repair work orders specific to the equipment.
 - **Operation in California:** The existing equipment must have operated at least 75 percent of the time in California during each twelve (12) month period for the previous twenty four (24) months. Applicant certifies this on the application.
 - **Applying for Funds:** Applicant may only apply for funds through the ORVIP to one air district at a time per piece of equipment. Applicant cannot apply for any other grant funds to replace this equipment.
 - **Replacement Engine hp:** The hp rating for the replacement equipment engine must not be greater than 125 percent of the original manufacturer rated hp (baseline hp) for the existing equipment engine.
 - **Two-for-One Equipment Replacements:** If an applicant is applying to replace two (2) existing equipment with one (1) replacement equipment, then two applications and supporting documentation must be submitted. Please specify this on the application by checking the Two-for-One Option.

Appendix 2c

- The hp rating for the replacement equipment engine must not be greater than 125 percent of the original manufacturer rated hp (baseline hp) for the lowest hp of the two existing equipment engines.

OFF-ROAD VOUCHER INCENTIVE PROGRAM
Application Checklist

Applicant Information
Company:
Owner:
Phone:
FAX:
Email:
Option: attach business card

Dealer Information
Dealership:
Salesperson:
Phone:
FAX:
Email:
Option: attach business card

√ Applicant Requirements
<input type="checkbox"/> Completed application (signed & dated in ink)
<input type="checkbox"/> Copy of two (2) items from ownership document list
<input type="checkbox"/> Equipment usage documentation (for previous twenty four (24) months) <input type="checkbox"/> Hour meter reading records
<input type="checkbox"/> Equipment usage documentation for the existing equipment must prove : <input type="checkbox"/> selected annual usage for previous twenty-four (24) months
<input type="checkbox"/> Copy of DOORS fleet summary sheet (if applicable)
<input type="checkbox"/> Inspection Form for the existing equipment signed by a participating dealership or air district
<input type="checkbox"/> Digital photos of the existing equipment
<input type="checkbox"/> Verification of existing engine model year from the manufacturer or dealership
<input type="checkbox"/> Signed and dated quote and specification sheet for the replacement equipment
<input type="checkbox"/> ARB Executive Order for replacement equipment engine. U.S. EPA Certificate of Conformity for federally preempted engines.
<input type="checkbox"/> If replacing two existing equipment with one replacement equipment, submit an application and the above information for each existing equipment. Check the box on the application marked "Two-for-One Option".
<input type="checkbox"/> Replacement equipment engine hp < 125 percent of existing equipment engine.

Appendix 2c

<p>OFF-ROAD VOUCHER INCENTIVE PROGRAM Application</p>
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<p>Date Received: (For office use only)</p>

Applicant Information

Owner Name:		Company Name:	
Mailing address:			
City:	State:	Zip Code:	
Physical address:			
City:	State:	Zip Code:	
Owner Email:		Owner Phone:	

Third Party Information

<p>This box needs to be filled out if application is completed by anyone being paid to complete the application on the owner's behalf. Dealers do not need to complete this section.</p>			
Third-Party Name:		Company Name:	
Mailing address:			
City:	State:	Zip Code:	
Physical address:			
City:	State:	Zip Code:	
Phone:		Email:	
Third Party Signature:		Date:	

Existing Equipment and Engine Information **Two-for-One Option**

EQUIPMENT INFORMATION:			
Equipment Make:	Equipment Model:	Equipment Model Year:	
DOORS EIN (if applicable):	Equipment Serial Number:	Date of Manufacture:	
Fleet ID:	Equipment operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		
ENGINE INFORMATION:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Engine Serial Number or Air District ID Number:			Engine Horsepower:
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other: _____	

Replacement Equipment and Engine Information (If Applicable)

EQUIPMENT INFORMATION:			
Equipment Make:	Equipment Model:	Equipment Model Year:	
Equipment Serial Number:		Date of Manufacturer:	
Equipment operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		Estimated Delivery Date:	
ENGINE INFORMATION:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Engine Serial Number:	Engine Family Number:	Engine Horsepower:	
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other: _____	ARB Executive Order Number or U.S. EPA Certificate of Conformity Number:	

Dealership Information (or attach business card)

Contact Person:	Business Name:		
Phone:	Address:		
City:	State:	Zip Code:	

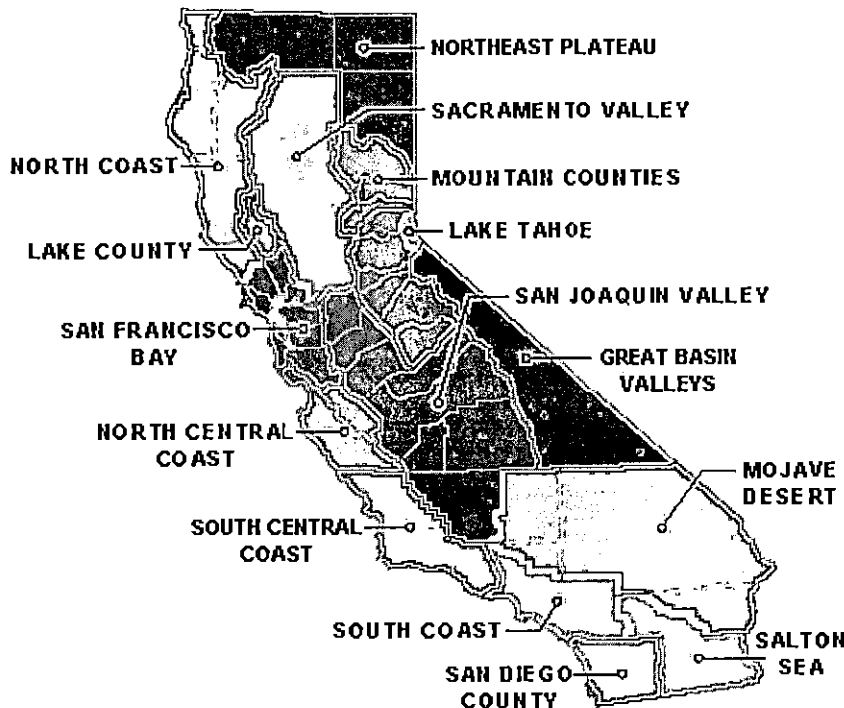
Operational Area

Using the map below, estimate the percentage of your annual usage that will occur in each area. *This information is required, but will NOT affect your eligibility or potential funding amount.*

North Coast:	Northeast Plateau:
Lake County:	Sacramento Valley:
San Francisco Bay:	Mountain Counties:
North Central Coast:	Lake Tahoe:
South Central Coast:	San Joaquin Valley:
South Coast:	Great Basin Valleys:
San Diego County:	Mojave Desert:
Outside California:	Salton Sea:

Note: The total of all percentages must equal 100.

California Air Basins



By submitting this application, I certify under penalty of perjury that the information on this application is accurate and true:

- I am the owner of the existing equipment;
- The company is:
 - A small fleet with total maximum power of less than or equal to 2,500 hp if applying for funding for a tractor/loader/backhoe subject to the Off-Road Regulation, or;
 - A medium fleet with a total maximum power of between 2,500 and 5,000 hp if applying for funding for a tractor/loader/backhoe subject to the Off-Road Regulation;
- The information provided in this application and all supporting documentation are true and correct and meet the minimum requirements of the ORVIP;
- The existing equipment(s) must have operated at least 75 percent of the time in California during each twelve (12) month period for the previous twenty four (24) months;
- I understand that I cannot receive additional funding for replacement of that same piece of equipment. However, Carl Moyer Program funding for the addition of a retrofit for the ORVIP funded replacement may be available through the air district;
- The purchase of this low-emission equipment is NOT required by any local, state, and/or federal rule or regulation;
- I understand that I must be in compliance and remain in compliance with all applicable federal, state, and local air quality rules and regulations;
- I understand that an incomplete or illegible application, or if any required documentation is missing, this application will be immediately rejected and returned to me;
- I understand that I can reapply for project funding if this application is rejected because it was incomplete, illegible, or missing required documentation;
- I understand as an applicant that incentive programs have limited funds and shall terminate upon depletion of program funding;
- I have the legal authority to apply for incentive funding for the entity described in this application;
- I understand that ARB, as an intended third party beneficiary reserves the right to enforce the terms of ORVIP, at time during the three year voucher term to ensure emission reductions are obtained; and
- I agree to the above statements by signing below.

Owner Signature:

Date:

Printed Name:

Title:

Please attach all documentation listed on the application checklist

Please submit this application to the air district below. If you have any questions in completing your application, please contact:

<Air District Contact Information>

**CALIFORNIA AIR POLLUTION CONTROL OFFICERS ASSOCIATION
RURAL ASSISTANCE PROGRAM**

CARL MOYER MEMORIAL AIR QUALITY STANDARDS

ATTAINMENT PROGRAM

ENGINE/MOTOR REPLACEMENT OR RETROFIT APPLICATION



OFF-ROAD COMPRESSION-IGNITION (CI) APPLICATION

Please print clearly or type all information on this application and on all attachments. Fill out one application for each engine or piece of equipment. All information necessary for completing this application is available in 2011 Carl Moyer Program Guidelines. This document can be viewed at:

<http://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>

Please note that additional information may be requested from the applicant in order to process this application.

Eligibility Criteria

To be eligible for funding, projects must meet the criteria described in the 2011 Carl Moyer Program Guidelines and all current Carl Moyer Program Advisories. These criteria include but are not limited to the following:

Emission reductions obtained through Carl Moyer Program projects must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement, or other legal mandate.

Projects must meet a cost-effectiveness of \$17,080 per weighed ton of NOx, Reactive Organic Gases, and Particulate Matter (PM10) reduced calculated in accordance with the cost- effectiveness methodology in Appendix C of the 2011 Guidelines. All state funds plus any other funds under a district's budget authority or fiduciary control contributed toward a project must be included in the cost-effectiveness calculation.

Projects must have a minimum project life of three years, except for engines subject to the Stationary Diesel In-Use Agricultural Engine Airborne Toxic Control Measure (ATCM), which must have a minimum project life of one year.

Maximum project life:

Repower Only (no retrofit)	10 years
Repower + retrofit	5 years
Retrofit	5 years

No emission reductions generated by the Carl Moyer Program shall be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity.

No project funded by the Carl Moyer Program shall be used for credit under any federal or state emission averaging banking and trading program.

Funded projects must have at least 75 percent of their total activity for the project life in California.

Emission reduction technologies must be certified/verified by the Air Resources Board (ARB) for sale in California and must comply with durability and warranty requirements. For the purposes of the Carl Moyer Program, a technology granted a conditional certification/verification by ARB is considered certified/verified.

ARB has adopted two fleet rules affecting off-road CI equipment: the In-Use Off-Road Diesel Vehicle Regulation (Off-Road Regulation) and Cargo Handling Equipment at Ports and Intermodal Rail Yards Regulation (CHE Regulation). There are limited funding opportunities for equipment subject to these rules. The first step in evaluating Moyer eligibility is determining whether equipment is subject to one of the ARB fleet rules:

Summary of Off-Road CI Engine Funding Opportunities

Equipment Type	Subject to ARB Fleet Rule?	Moyer Funding Opportunities*
Mobile agricultural equipment	No	Engine repowers and retrofits.
Cargo handling equipment at ports/ intermodal rail yards	CHE Regulation	Limited opportunities.
All other equipment (e.g. construction, mining, rental, airport ground support and other industries)	Off-Road Regulation	Small fleets: Tier 1 and cleaner repowers; retrofits through 2/29/12 – limited opportunities for retrofits after this date.
		Medium fleets: Tier 2 or cleaner repowers and retrofits through 2/28/10. Limited opportunities after this date.
		Large fleets: Limited opportunities for Tier 2 or cleaner repowers and retrofits.

**Limited opportunities* means a fleet's compliance status with the ARB regulation must be determined. Contact district Moyer Program staff or consult fleet rule Moyer implementation charts at <http://www.arb.ca.gov/msprog/moyer/guidelines/supplemental-docs.htm> in addition to these guidelines.

Project Types: Taking the above table into consideration, the following categories are eligible projects:

- Engine Repowers.**
- ARB-Verified Retrofits.**
- Equipment Replacement.**

Purchases of new or used CI equipment replacing an uncontrolled, fully functional CI piece of equipment may be eligible. For these projects, refer to the equipment replacement application.

A. APPLICANT INFORMATION

1. Company name/ Organization name/ Individual name:		
2. Business type:		
3. Contact name and title:		
4. Business mailing address and contact information:		
Street:		
City:	State:	Zip code:
Phone: ()	Fax: ()	
E-mail:		
5. Person with contract signing authority (if different from above):		
6. How many vehicles/engines/retrofits are being applied for?		
7. Total funding amount requested in this application (MAY NOT EXCEED \$100,000):		

B. FUNDING DISCLOSURE

1. Have any engines or vehicles listed in this application applied for or have been awarded Carl Moyer Program funding or other grants? <input type="checkbox"/> Yes <input type="checkbox"/> No
2. If "yes", complete the following for each engine:
a. Agency applied to:
b. Date/Number of Agency Solicitation:
c. Funding Amount Requested:
d. Equipment Identification:
d. Baseline Engine Serial Number:
e. Status of Application:

ARB-verified retrofits are required on all off-road engine repowers as described in the Carl Moyer Program Guidelines. ARB has provided limited flexibility for applicants to opt-out of the default retrofit requirement on these projects. Applicants must complete the following if retrofits are not included as part of this application:

___ By initializing this paragraph, the applicant acknowledges that due to existing or future regulations they may be required to install retrofits on Carl Moyer Program funded equipment at their own cost. Please mark the appropriate box below if you would like to receive information regarding these regulations.

- Yes**
- No**

I hereby certify that all information provided in this application and any attachments are true and correct.

Printed Name of Responsible Party:	Title:
Signature of Responsible Party:	Date:

Third Party Certification

I have completed the application, in whole or in part, on behalf of the applicant.

Printed Name of Third Party:	Title:
Signature of Third Party:	Date:
Amount Being Paid for Application Completion in Whole or Part:	Source of funding to Third party:

For each engine, please complete sections C, D, E, F, or G (as appropriate). Please include project cost documentation including vendor quotes and other substantiating data to support cost estimates provided in this application.

C. PROJECT ACTIVITY INFORMATION

1. Project name:										
2. Project address (if different than business address):										
Street:										
City:	State:	Zip Code:								
3. Estimated Annual Hours of Operation _____										
OR										
Estimated Annual Gallons of Fuel Consumption _____										
4. List air district(s) in California in which the equipment operates and percent of operation in each:										
5. Project Life:										
<input type="checkbox"/> Maximum	<table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 2px;"><u>Maximum Project Life</u></th> </tr> <tr> <td style="padding: 2px;">Repower Only (no retrofit)</td> <td style="padding: 2px; text-align: right;">10 years</td> </tr> <tr> <td style="padding: 2px;">Repower + Retrofit</td> <td style="padding: 2px; text-align: right;">5 years</td> </tr> <tr> <td style="padding: 2px;">Retrofit Only</td> <td style="padding: 2px; text-align: right;">5 Years</td> </tr> </table>		<u>Maximum Project Life</u>		Repower Only (no retrofit)	10 years	Repower + Retrofit	5 years	Retrofit Only	5 Years
<u>Maximum Project Life</u>										
Repower Only (no retrofit)	10 years									
Repower + Retrofit	5 years									
Retrofit Only	5 Years									
<input type="checkbox"/> Other: _____ years										
6. Will the new engine have a functioning hour meter for the life of the project (check one)?										
<input type="checkbox"/> Yes <input type="checkbox"/> No										

D. EXISTING (BASELINE) EQUIPMENT INFORMATION

Must be filled out for each piece of equipment requesting funding

1. Equipment Type/Specific Function:		
2. Equipment Make, Model, and Year:		
3. Equipment Serial Number:		
4. Equipment Identification Number (<i>unique number designated by applicant</i>)		
5. Number of Main Engines on this Equipment:		
6. Equipment Location:		
Street:		
City:	State:	Zip:
7. Engine Family: (<i>for controlled engines only</i>)		
8. Engine Tier (<i>for controlled engines only</i>)		
9. Engine Make:		
10. Engine Model:		
11. Engine Model Year:		
12. Engine Horsepower:		
13. Engine Serial Number:		
14. Engine Fuel Type:		

E. REPOWER PROJECTS (NEW ENGINE)

1. Number of Main Engines to be Repowered:
2. New Engine Family:
3. New Engine Make:
4. New Engine Model:
5. New Engine Model Year:

6. New Engine Serial Number: <i>(if available)</i>	
7. New Engine Horsepower:	
8. New Engine Tier:	
9a. Engine Cost:	9b. Engine Installation Cost <i>(optional)</i> :

F. RETROFIT PROJECTS

1. ARB-verified Retrofit Device Manufacturer:	
2. Retrofit Device Make:	
3. Retrofit Device Model:	
4. Retrofit Device ARB Executive Order Number:	
5. Retrofit Device Serial Number <i>(if available)</i> :	
6. ARB – Verified PM Reduction (%):	
7. ARB – Verified NOx Reduction (%):	
8a. Cost of Retrofit:	b. Cost of Retrofit Installation <i>(optional)</i> :
9. Cost of Retrofit Maintenance for Project Life <i>(optional)</i> :	
10. Has retrofit been verified for the engine? (check one)	
<input type="checkbox"/> Yes <input type="checkbox"/> No	

H. FUNDING AMOUNT REQUEST

1. Total Amount Requested for this Piece of Equipment (not to exceed \$100,000):

Submit your application and vendor quotes by mailing to:

CAPCOA Rural Assistance Grant Program
1107 Ninth Street, Suite 210
Sacramento, CA 95814

FARMER GRANT PROGRAM

HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION

Shared Allocation Pool

1. INSTRUCTIONS AND ELIGIBILITY CRITERIA

Please print clearly or type all information on the application and submit to your local air district: <https://www.arb.ca.gov/app/dislookup/dislookup.php>

Fill out one (1) application for each vehicle. Please note that additional information may be requested from the applicant in order to process this application.

Funding:

For heavy-duty agricultural (ag) trucks, up to 65% of eligible project costs may be eligible for funding. The new truck must replace an older truck, which is required to be destroyed. The applicant acknowledges that award of cash incentives is conditional upon the approval of the FARMER Shared Allocation Pool Program Administrator and is not guaranteed.

In addition to following the maximum funding percentage guidelines, the Program Administrator reserves the right to limit funding awards to \$135,000 per project; however, exceptions may be made for projects that:

- deal with a unique equipment type;
- benefit disadvantaged communities and/or low-income households or communities, as defined by AB 1550 and SB 535 (<https://www.arb.ca.gov/cci-communityinvestments>);
- are highly cost-effective;
- benefit sensitive receptors such as K-12 schools;
- address a local need.

If you think your project may be eligible for funding over \$135,000, please attach a short explanation to this application.

General Eligibility Criteria:

To be eligible for funding, projects must meet the criteria described in the FARMER Guidelines, subsequent FARMER Mail-Outs, and all applicable sections of the 2017 Carl Moyer Program (CMP) Guidelines. The most recent FARMER Guidelines are available on the California Air Resources Board's (CARB) website at <https://ww2.arb.ca.gov/our-work/programs/farmer-program>.

These criteria include, but are not limited to, the following:

- Projects must be used in "agricultural operations," as defined by the Regulation for In-Use Off-Road Diesel-Fueled Fleets (Off-Road Regulation)¹. The definition of "agricultural operations" is as follows:
 - "Agricultural Operations" means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not

¹ Title 13, California Code of Regulations (CCR), § 2449

FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
Shared Allocation Pool

retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

- Equipment replaced by a grant from this program must be destroyed.
- Projects must have at least 75% of their total activity for the project life in California.
- Emissions reductions obtained through FARMER projects must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement or other legal mandate.
- No emission reductions generated by the FARMER Program shall be used as marketable Emission Reduction Credits, or to offset any emission reduction obligation of any person or entity.
- No project funded by FARMER shall be used for credit under any federal or state emission averaging banking and trading program.
- Emission reduction technologies must be certified/verified by CARB and must comply with durability and warranty requirements. For the purposes of the FARMER Program, a technology granted conditional certification/verification by CARB is considered certified/verified.

Heavy-Duty Agricultural (Ag) Truck Eligibility Criteria:

- Applicants must submit their Truck Regulations Upload and Compliance Reporting System (TRUCRS) Identification Number (ID), Engine Identification Number (EIN), and fleet compliance certificate with this application. Existing vehicles must currently be in compliance with the In-Use Heavy-Duty Diesel-Fueled Vehicles Regulation² and be registered in the TRUCRS Reporting program under one of the following provisions:
 - Low-Use Exemption
 - Agricultural Vehicle Extension
 - Specialty Agricultural Vehicle Extension
 - Trucks following the Engine Model Year Schedule of the Truck and Bus Regulation, operating as an “agricultural truck” as defined in the Regulation.
- Existing vehicles must have an engine of Model Year 2010 or older, except for log trucks which may be powered by an engine of any model year.
- The existing vehicle must be in operational condition.
- The owner must be currently registered in California and have been registered in California for the past twenty-four (24) months.
- The owner must be in compliance with federal, state, and local regulations.

² Title 13, California Code of Regulations (CCR), § 2025.

FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
Shared Allocation Pool

Replacement Truck Requirements:

- For projects eligible through the Low-Use Exemption, replacement trucks must at minimum meet 2010 emission standards of 0.20 g/bhp-hr NOx.
- For projects eligible through the Agricultural Vehicle Extension, Specialty Agricultural Vehicle Extension, or the Engine Model Year Schedule, replacement trucks must at minimum be certified to CARB's optional low-NOx standard of 0.10 g/bhp-hr NOx.
- Replacement trucks must be purchased from a California dealership—no private party transactions are permitted.
- Replacement trucks must have a GVWR of 14,001 pounds or greater.
- Glider kits do not qualify as replacement trucks under this program.
- For all replacement new trucks, vehicle purchase must include a minimum one-year or 100,000 mile major component engine warranty for the replacement vehicle, as described in the 2017 Carl Moyer Program Guidelines³. Replacement used trucks are not subject to warranty requirements, but the participant must ensure that the truck remains in operation for the life of the contract.
- Replacement used trucks must have less than the miles indicated below on the odometer:
 - Class 8 (GVWR of 33,001 pounds or greater) and Class 7 (GVWR of 26,001 – 33,000 pounds) with heavy heavy-duty (HHD) engines must have less than 650,000 miles;
 - Class 7 (GVWR of 26,001 – 33,000 pounds) with medium heavy-duty (MHD) engines must have less than 350,000 miles; and
 - Class 4-6 (GVWR of 14,001 – 26,000 pounds) must have less than 25,000 miles.

2. ATTACHMENT CHECKLIST

Check each applicable box below to indicate inclusion.

- Completed application
- Justification statement for funding over \$135,000 (if applicable)
- Proof of baseline truck ownership (*Select one: bill of sale, tax logs, equipment insurance records, bank appraisal of equipment, maintenance/service records tied to equipment, general ledgers*)
- 24 months of complete historical truck usage (*Select one: odometer readings, employee logs, fuel logs*)
- Co-funding information (if applicable)
- Dated and itemized quote for new equipment, including dealership name and contact information
- Executive order for new engine (<https://ww3.arb.ca.gov/msprog/onroad/cert/cert.php#4>)
- IRS Form W-9 (for the entity that will sign the grant contract and receive funds, if awarded)
- TRUCRS Fleet Compliance Certificate
- Other _____

³ 2017 Carl Moyer Program Guidelines, Chapter 4.C.5.(K).

FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
 Shared Allocation Pool

3. APPLICANT INFORMATION

Applicant (Organization/Company/Individual Name):		
Person with contract signing authority:		
Contact Name (if different from above):		
Phone:	Fax:	
Email Address:		
Business Type:		
Address/Street:		
City:	State:	ZIP Code:
Mailing Address/Street (if different from above):		
City:	State:	ZIP Code:

4. FUNDING DISCLOSURE

Have any engines or vehicles listed in this application applied for or been awarded Carl Moyer Program funding, or any other incentive funding? <input type="radio"/> Yes <input type="radio"/> No
--

If "Yes," complete the following for each engine or vehicle:

Agency applied to:
Date of Agency Solicitation:
Funding Amount Requested or Awarded:
Equipment Make, Model, and Year:
Baseline Engine Serial Number:
Status of Funding:
Please list any other financial incentive, including tax credits or deductions, grants, or other public financial assistance for the vehicle/engine:

FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
 Shared Allocation Pool

5. THIRD PARTY CERTIFICATION

I have completed the application, in whole or in part, on behalf of the applicant.

Printed Name of Third Party:	Title:
Signature of Third Party:	Date:
Amount Being Paid for Application Completion in Whole or Part:	
Source of Funding to Third Party:	

6. COMPLIANCE DISCLOSURE STATEMENT

As an applicant/participant of the FARMER Program, I declare that _____
(Company Name)

is in compliance with, will remain in compliance with, and does not have any outstanding/unresolved/unpaid Notices of Noncompliance (NON) or citations for violations of any federal, state and local air quality regulations including, but not limited to, the following:

- Cargo Handling Equipment Regulation
- Public Agency and Utility Rule
- Commercial Harbor Craft Regulation
- Sleeper Berth Truck Idling Regulation
- Drayage Truck Regulation (including dray-off trucks)
- Solid Waste Collection Vehicle Regulation
- In-Use Off-Road Diesel Vehicle Regulation
- Stationary Engine Airborne Toxic Control Measures
- Marine Shore Power Regulation
- Statewide Truck and Bus Regulation
- Portable Diesel Airborne Toxic Control Measure
- Transit Fleet Rule

By signing below and submitting this application, I understand and acknowledge grant requirements and I hereby certify under penalty of perjury that the information in the application and attachments is accurate and true.

Authorized Representative's Name (<i>Print</i>):	Authorized Representative's Title:
Authorized Signature:	Date:
Legal Owner's Name:	Company Name:

FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
 Shared Allocation Pool

7. PROJECT INFORMATION

Project Name:		
Project Street Address <i>(if different than business address)</i> :		
City:	State:	ZIP Code:
Total Project Cost:		Total Funding Amount Requested: <input type="checkbox"/> Maximum eligible <input type="checkbox"/> Other: \$ _____
List air district(s) in California in which the equipment operates and percent of operation in each <i>(see map at end of application)</i> :		
Percent Operation in California:		
Estimated Annual Hours of Operation: _____ OR Estimated Annual Gallons of Fuel Consumption: _____		
Project Type <i>(select one)</i> : <input type="radio"/> Replacement of one (1) existing vehicle/piece of equipment for one (1) new vehicle/piece of equipment <input type="radio"/> Replacement of multiple existing vehicles/pieces of equipment for one (1) new vehicle/piece of equipment. <i>Number of existing vehicles being replaced:</i> _____		
Method of vehicle/equipment purchase (please note, this grant is designed as a reimbursement after purchase) <i>(select one)</i> : <input type="radio"/> Purchase in full <input type="radio"/> Use of short-term financing (PO account, Net 30 terms, etc.) <input type="radio"/> Use of long-term financing (the grant amount must immediately go towards principal)		
Is the vehicle/equipment registered, domiciled, or operated a majority of the time <i>(check all that apply)</i> : <input type="checkbox"/> Within the boundaries of a disadvantaged community census tract , as defined by SB 535? <input type="checkbox"/> Within the boundaries of a low-income community census tract , as defined by AB 1550? <input type="checkbox"/> Outside of a disadvantaged community, but within ½-mile of a SB 535 disadvantaged community and within an AB 1550 low-income community census tract? <input type="checkbox"/> Within the boundaries of a low-income household?		
<i>Note: An online mapping tool of identified disadvantaged communities and low-income communities, and a "look-up" tool list of "low-income" thresholds by county and household size are available at: https://www.arb.ca.gov/cci-communityinvestments.</i>		

**FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
Shared Allocation Pool.**

8. EXISTING (BASELINE) VEHICLE INFORMATION

Type of Agricultural Products Hauled (<i>please refer to the definition of "Agricultural Vehicle" in the Truck and Bus Regulation</i>):		
TRUCRS ID:		
Vehicle Make:	Vehicle Model:	Vehicle Year:
Vehicle Identification Number (VIN):		
License Plate Number:		
Gross Vehicle Weight Rating (GVWR) (<i>Refer to the sticker found in the door jamb of your truck for the correct GVWR</i>):		
Engine Duty Cycle (<i>select one</i>): <input type="radio"/> Heavy Heavy-Duty (>33,000 lbs.) <input type="radio"/> Medium Heavy-Duty (19,501 – 33,000 lbs.) <input type="radio"/> Light Heavy-Duty (14,001 – 19,500 lbs.)		
TRUCRS EIN:		
Engine Family (<i>for controlled engines only</i>):		
Engine Make:	Engine Model:	Engine Year:
Engine Horsepower:	Engine Fuel Type:	
Engine Serial Number:		

FARMER GRANT PROGRAM
HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
 Shared Allocation Pool

9. REPLACEMENT (NEW) VEHICLE INFORMATION

Vehicle Make:	Vehicle Model:	Vehicle Year:
Vehicle Gross Vehicle Weight Rating (GVWR) (<i>Refer to the sticker found in the door jamb of your truck for the correct GVWR</i>):		
Engine Duty Cycle (<i>select one</i>): <ul style="list-style-type: none"> <input type="radio"/> Heavy Heavy-Duty (>33,000 lbs.) <input type="radio"/> Medium Heavy-Duty (19,501 – 33,000 lbs.) <input type="radio"/> Light Heavy-Duty (14,001 – 19,500 lbs.) 		
Engine Family:		
Engine Make:	Engine Model:	Engine Year:
Engine Horsepower:	Engine Fuel Type:	

FARMER GRANT PROGRAM
 HEAVY-DUTY AGRICULTURAL TRUCK APPLICATION
 Shared Allocation Pool

California Air Districts and Counties



 California Environmental Protection Agency
 Air Resources Board

FARMER GRANT PROGRAM INFRASTRUCTURE ATTACHMENT

Shared Allocation Pool

1. INSTRUCTIONS AND ELIGIBILITY CRITERIA

Please print clearly or type all information on this application attachment and submit with your base project application to your local air district:
<https://www.arb.ca.gov/app/dislookup/dislookup.php>

Fill out one (1) application for each infrastructure project. Please note that additional information may be requested from the applicant in order to process this application.

Funding:

For infrastructure projects, up to the following percentages of eligible project costs may be considered for funding:

Infrastructure Projects	Maximum Percentage of Eligible Cost
All Projects	50%
Publicly Accessible Projects	60%
Projects with Solar/Wind Power Systems ¹	65%
Publicly Accessible Projects with Solar/Wind Systems ¹	75%

The applicant acknowledges that award of cash incentives is conditional upon the approval of the FARMER Shared Allocation Pool Program Administrator and is not guaranteed.

In addition to following the maximum funding percentage guidelines, the Program Administrator reserves the right to limit funding awards to \$135,000 per project; however, exceptions may be made for projects that:

- deal with a unique equipment type;
- benefit disadvantaged communities and/or low-income households or communities, as defined by AB 1550 and SB 535 (<https://www.arb.ca.gov/cci-communityinvestments>);
- have extremely high cost-effectiveness;
- benefit sensitive receptors such as K-12 schools;
- address a local need.

If you think your project may be eligible for funding over \$135,000, please attach a short explanation to this application.

¹ At least 50% of the energy provided to covered sources by the project must be generated from solar or wind.

**FARMER GRANT PROGRAM
INFRASTRUCTURE ATTACHMENT
Shared Allocation Pool**

Eligible costs are limited to the purchase and installation of the equipment for power delivery or fueling directly related to the infrastructure project. The eligible costs listed below must utilize commercially available technologies.

Eligible project costs include:

- Cost of design and engineering, (i.e., labor, site preparation, Americans with Disabilities Act accessibility, signage).
- Cost of equipment (e.g., charging/fueling units, electrical parts, energy storage equipment, materials).
- Cost of installation directly related to the construction of the station.
- Meter/data loggers.
- On-site power generation system that fuels or powers covered sources (i.e., solar and wind power generation equipment).

Ineligible project costs include, but are not limited to:

- Existing station upgrade.
- Fuel and energy costs.
- Non-essential equipment hardware.
- Operation cost (e.g., operational fees, maintenance, repairs, improvements, spare parts).
- Extended warranty.
- Insurance.
- Data collection and reporting.
- Grantee administrative costs.
- Travel/lodging.
- Employee training and salaries.
- Legal fees.
- Real estate property purchases/leases.
- Performance bond costs.
- Construction management.
- Storm water plan costs.
- Security costs.
- Grantee administrative costs.
- Travel/lodging.
- Employee training and salaries.
- Legal fees.
- Real estate property purchases/leases.
- Performance bond costs.
- Construction management.
- Storm water plans cost.
- Security costs.
- Testing and soil sampling.
- Hazardous materials, including permitting, handling and disposal.

General Eligibility Criteria:

To be eligible for funding, projects must meet the criteria described in the FARMER Guidelines, subsequent FARMER Mail-Outs, and all applicable sections of the 2017 Carl Moyer Program (CMP) Guidelines. The most recent FARMER Guidelines are available on the California Air Resources Board's (CARB) website at <https://ww2.arb.ca.gov/our-work/programs/farmer-program>.

These criteria include, but are not limited to, any and all general eligibility requirements stated in the application for the base project application.

Eligible Infrastructure Projects:

Infrastructure must directly power a project funded with FARMER funds. Eligible infrastructure projects may include the following:

- Battery Charging Station
- Alternative Fueling Station

**FARMER GRANT PROGRAM
INFRASTRUCTURE ATTACHMENT
Shared Allocation Pool**

- Stationary Agricultural Pump

2. ATTACHMENT CHECKLIST

Check each applicable box below to indicate inclusion.

- Completed application
- Justification statement for funding over \$135,000 (if applicable)
- Co-funding information (if applicable)
- Dated and itemized quote for infrastructure project, including contractor names and contact information
- Map showing proposed location of infrastructure project, including the start and end points of any proposed power line (e.g., a Google Map)
- Documentation demonstrating that the applicant either owns the land on which the project will be located, or controls it through a long-term lease, easement or other legal arrangement, for the duration of the project life (at minimum three (3) years)
 - If the land is not owned by the applicant, an executed lease agreement or letters of commitment lasting for the duration of the project life must be signed by property owners/authorized representatives and must be submitted with the application
- IRS Form W-9 (for the entity that will sign the grant contract and receive funds, if awarded)
- Other _____

3. PROJECT INFORMATION

Project Name:		
Applicant (Organization/Company/Individual Name):		
Will this project occur whether grant funding is provided or not? <input type="radio"/> Yes <input type="radio"/> No	Is the applicant a public or private entity? <input type="radio"/> Public <input type="radio"/> Private	
Is the applicant the property owner? <input type="radio"/> Yes <input type="radio"/> No	If you are not the property owner, do you have a lease on the property that allows you to install the infrastructure? <input type="radio"/> Yes <input type="radio"/> No	
Project Address/Street:		
City:	State:	ZIP Code:
Total Project Cost:	Total Funding Amount Requested: <input type="radio"/> Maximum eligible <input type="radio"/> Other: \$ _____	
List air district in California in which the infrastructure will be installed:		

**FARMER GRANT PROGRAM
INFRASTRUCTURE ATTACHMENT
Shared Allocation Pool**

Estimated Annual Use:

Description of Proposed Infrastructure:

Proposed Project Startup and Timeline:

If Power Line is Proposed:

Will power line be run above or below ground?

- Above ground
- Below ground

Length of Power Line to be Run:

Cost per Foot to Install Line:

Any other information relevant to the project not already covered in this application:

FARMER GRANT PROGRAM

OFF-ROAD EQUIPMENT APPLICATION

Shared Allocation Pool

1. INSTRUCTIONS AND ELIGIBILITY CRITERIA

Please print clearly or type all information on the application and submit to your local air district: <https://www.arb.ca.gov/app/dislookup/dislookup.php>

Fill out one (1) application for each engine or piece of equipment. Please note that additional information may be requested from the applicant in order to process this application.

Funding:

For off-road equipment projects, up to the following percentages of eligible project costs may be considered for funding:

Off-Road Equipment Projects	Maximum Percentage of Eligible Cost
Engine Repowers <i>(replacing an older engine with a new diesel, LSI, or zero-emission engine)</i>	85%
Mobile or Portable Equipment Replacement	80%
Retrofit	100%

The applicant acknowledges that award of cash incentives is conditional upon the approval of the FARMER Shared Allocation Pool Program Administrator and is not guaranteed.

In addition to following the maximum funding percentage guidelines, the Program Administrator reserves the right to limit funding awards to \$135,000 per project; however, exceptions may be made for projects that:

- deal with a unique equipment type;
- benefit disadvantaged communities and/or low-income households or communities, as defined by AB 1550 and SB 535 (<https://www.arb.ca.gov/cci-communityinvestments>);
- are highly cost-effective;
- benefit sensitive receptors such as K-12 schools;
- address a local need.

If you think your project may be eligible for funding over \$135,000, please attach a short explanation to this application.

General Eligibility Criteria:

To be eligible for funding, projects must meet the criteria described in the FARMER Guidelines, subsequent FARMER Mail-Outs, and all applicable sections of the 2017 Carl Moyer Program (CMP) Guidelines. The most recent FARMER Guidelines are available on the California Air Resources Board's (CARB) website at <https://ww2.arb.ca.gov/our-work/programs/farmer-program>.

FARMER GRANT PROGRAM
OFF-ROAD EQUIPMENT APPLICATION
Shared Allocation Pool

These criteria include, but are not limited to, the following:

- Projects must be used in “agricultural operations,” as defined by the Regulation for In-Use Off-Road Diesel-Fueled Fleets (Off-Road Regulation)¹. The definition of “agricultural operations” is as follows:
 - *“Agricultural Operations” means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.*
- Equipment replaced by a grant from this program must be destroyed.
- Projects must have at least 75% of their total activity for the project life in California.
- Emissions reductions obtained through FARMER projects must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement or other legal mandate.
- No emission reductions generated by the FARMER Program shall be used as marketable Emission Reduction Credits, or to offset any emission reduction obligation of any person or entity.
- No project funded by FARMER shall be used for credit under any federal or state emission averaging banking and trading program.
- Emission reduction technologies must be certified/verified by CARB and must comply with durability and warranty requirements. For the purposes of the FARMER Program, a technology granted conditional certification/verification by CARB is considered certified/verified.

Off-Road Eligibility Criteria:

- Existing engines must be diesel and greater than 25 horsepower (hp) (19 kilowatts). If actual engine hp cannot be determined, hp can be estimated by the following formula:
 - $\text{Engine hp} = \text{Power Take Off} \times 120\%$
- New engines must be within 125% of the hp of the existing engine, or documentation must be provided demonstrating that the equipment is no longer produced within 125% of the hp rating of the baseline equipment.
- For fleets subject to the Off-Road Regulation, applicants must submit the Diesel Off-Road Reporting System (DOORS) Identification Number (ID), DOORS fleet compliance certificate, and Engine Identification Number (EIN) of the equipment in the application².
- The owner must be in compliance with applicable federal, state, and local regulations.
- For portable/stationary agriculture projects, only tier 3 engines are eligible to be repowered.

2. ATTACHMENT CHECKLIST

Check each applicable box below to indicate inclusion.

¹ Title 13, California Code of Regulations (CCR), § 2449

² See 2017 Carl Moyer Program Guidelines, Chapter 5 (E).

**FARMER GRANT PROGRAM
OFF-ROAD EQUIPMENT APPLICATION
Shared Allocation Pool**

- Completed application
- Justification statement for funding over \$135,000 (if applicable)
- Proof of baseline equipment ownership (*Select one: bill of sale, tax logs, equipment insurance records, bank appraisal of equipment, maintenance/service records tied to equipment, general ledgers*)
- 24 months of complete historical equipment usage (*Select one: hour meter readings, employee logs, fuel logs*)
- Co-funding information (if applicable)
- Dated and itemized quote for new equipment, including dealership name and contact information
- Executive order for new engine (<https://ww3.arb.ca.gov/msprog/offroad/cert/cert.php>)
- IRS Form W-9 (for the entity that will sign the grant contract and receive funds, if awarded)
- DOORS fleet compliance certificate (if applicable)
- Other _____

3. APPLICANT INFORMATION

Applicant (Organization/Company/Individual Name):		
Person with contract signing authority:		
Contact Name (<i>if different from above</i>):		
Phone:	Fax:	
Email Address:		
Business Type:		
Address/Street:		
City:	State:	ZIP Code:
Mailing Address/Street (<i>if different from above</i>):		
City:	State:	ZIP Code:

**FARMER GRANT PROGRAM
OFF-ROAD EQUIPMENT APPLICATION**
Shared Allocation Pool

4. FUNDING DISCLOSURE

Have any engines or equipment listed in this application applied for or been awarded Carl Moyer Program funding, or any other incentive funding?

- Yes
 No

If "Yes," complete the following for each engine or vehicle:

Agency applied to:
Date of Agency Solicitation:
Funding Amount Requested or Awarded:
Equipment Make, Model, and Year:
Baseline Engine Serial Number:
Status of Funding:
Please list any other financial incentive, including tax credits or deductions, grants, or other public financial assistance for the vehicle/engine:

5. THIRD PARTY CERTIFICATION

I have completed the application, in whole or in part, on behalf of the applicant.

Printed Name of Third Party:	Title:
Signature of Third Party:	Date:
Amount Being Paid for Application Completion in Whole or Part:	
Source of Funding to Third Party:	

**FARMER GRANT PROGRAM
OFF-ROAD EQUIPMENT APPLICATION
Shared Allocation Pool**

6. COMPLIANCE DISCLOSURE STATEMENT

As an applicant/participant of the FARMER Program, I declare that _____
(Company Name)

is in compliance with, will remain in compliance with, and does not have any outstanding/unresolved/unpaid Notices of Noncompliance (NON) or citations for violations of any federal, state and local air quality regulations including, but not limited to, the following:

- Cargo Handling Equipment Regulation
- Public Agency and Utility Rule
- Commercial Harbor Craft Regulation
- Sleeper Berth Truck Idling Regulation
- Drayage Truck Regulation (including dray-off trucks)
- Solid Waste Collection Vehicle Regulation
- In-Use Off-Road Diesel Vehicle Regulation
- Stationary Engine Airborne Toxic Control Measures
- Marine Shore Power Regulation
- Statewide Truck and Bus Regulation
- Portable Diesel Airborne Toxic Control Measure
- Transit Fleet Rule

By signing below and submitting this application, I understand and acknowledge the grant requirements and I hereby certify under penalty of perjury that the information in the application and attachments is accurate and true.

Authorized Representative's Name (<i>Print</i>):	Authorized Representative's Title:
Authorized Signature:	Date:
Legal Owner's Name:	Company Name:

7. PROJECT INFORMATION

Project Name:		
Project Street Address (<i>if different than business address</i>):		
City:	State:	ZIP Code:
Total Project Cost:	Total Funding Amount Requested: <input type="radio"/> Maximum eligible <input type="radio"/> Other: \$ _____	
List air district(s) in California in which the equipment operates and percent of operation in each (<i>see map at end of application</i>):		
Percent Operation in California:		

**FARMER GRANT PROGRAM
OFF-ROAD EQUIPMENT APPLICATION**
Shared Allocation Pool

Estimated Annual Hours of Operation: _____
OR
 Estimated Annual Gallons of Fuel Consumption: _____

Project Type (*select one*):
 Replacement of one (1) existing engine/piece of equipment for one (1) new engine/piece of equipment
 Replacement of multiple existing engines/pieces of equipment for one (1) new engine/piece of equipment. *Number of existing engines/pieces of equipment being replaced:* _____

Method of vehicle/equipment purchase (please note, this grant is designed as a reimbursement after purchase) (*select one*):
 Purchase in full
 Use of short-term financing (PO account, Net 30 terms, etc.)
 Use of long-term financing (the grant amount must immediately go towards principal)

Is the equipment registered, domiciled, or operated a majority of the time (*check all that apply*):

- Within the boundaries of a **disadvantaged community census tract**, as defined by SB 535?
- Within the boundaries of a **low-income community census tract**, as defined by AB 1550?
- Outside of a disadvantaged community, but **within ½-mile of a SB 535 disadvantaged community and within an AB 1550 low-income community census tract?**
- Within the boundaries of a **low-income household?**

Note: An online mapping tool of identified disadvantaged communities and low-income communities, and a "look-up" tool list of "low-income" thresholds by county and household size are available at: <https://www.arb.ca.gov/cc-communityinvestments>.

8. EXISTING (BASELINE) EQUIPMENT INFORMATION

Equipment Type:		Equipment is: <input type="radio"/> Mobile <input type="radio"/> Portable <input type="radio"/> Stationary	
Equipment Make:	Equipment Model:	Equipment Year:	
Equipment Serial Number:			
Number of Main Engines on this Equipment:			
Engine Family (<i>for controlled engines only</i>):		Engine Tier (<i>for controlled engines only</i>):	
Engine Make:	Engine Model:	Engine Year:	
Engine Horsepower:		Engine Fuel Type:	
Engine Serial Number:			

**FARMER GRANT PROGRAM
OFF-ROAD EQUIPMENT APPLICATION
Shared Allocation Pool**

*Complete Section 9A, 9B, **OR** 9C below, as applies to your project type:*

9A. REPLACEMENT (NEW) EQUIPMENT INFORMATION

Replacement Equipment Type:		
Equipment Make:	Equipment Model:	Equipment Year:
Equipment Serial Number (if available):		
Number of Main Engines on this Equipment:		
Engine Family:		Engine Tier:
Engine Make:	Engine Model:	Engine Year:
Engine Horsepower:		Engine Fuel Type:

9B. RETROFIT PROJECT INFORMATION

ARB-verified Retrofit Device Manufacturer:	
Retrofit Device Make:	Retrofit Device Model:
Retrofit Device ARB Executive Order Number:	
Retrofit Device Serial Number (if available):	
ARB – Verified PM Reduction (%):	ARB – Verified NOx Reduction (%):
Has retrofit been verified for the engine? <input type="checkbox"/> Yes <input type="checkbox"/> No	

9C. REPOWER ENGINE INFORMATION

Number of Main Engines to be Repowered:		
Engine Make:	Engine Model:	Engine Year:
Engine Serial Number (if available):		
Engine Family:		Engine Tier:
Engine Horsepower:		Engine Fuel Type:

FARMER GRANT PROGRAM

ZERO EMISSION AG UTV APPLICATION

Shared Allocation Pool

1. INSTRUCTIONS AND ELIGIBILITY CRITERIA

Please print clearly or type all information on the application and submit to your local air district: <https://www.arb.ca.gov/app/dislookup/dislookup.php>

Fill out one (1) application for each UTV or tractor. Please note that additional information may be requested from the applicant in order to process this application.

Funding:

For Zero-Emission Ag UTV projects, up to 75% of the cost of a new zero-emission utility task vehicle (UTV) may be eligible for funding. The new UTV must replace an older UTV or tractor, which is required to be destroyed. The applicant acknowledges that award of cash incentives is conditional upon the approval of the FARMER Shared Allocation Pool Program Administrator and is not guaranteed.

Eligible costs do not include attachments such as winches, storage bins, plows, cab heaters, or additional batteries.

General Eligibility Criteria:

To be eligible for funding, projects must meet the criteria described in the FARMER Guidelines, subsequent FARMER Mail-Outs, and all applicable sections of the 2017 Carl Moyer Program (CMP) Guidelines. The most recent FARMER Guidelines are available on the California Air Resources Board's (CARB) website at <https://ww2.arb.ca.gov/our-work/programs/farmer-program>.

These criteria include, but are not limited to, the following:

- Projects must be used in "agricultural operations," as defined by the Regulation for In-Use Off-Road Diesel-Fueled Fleets (Off-Road Regulation)¹. The definition of "agricultural operations" is as follows:
 - *"Agricultural Operations" means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing*

¹ Title 13, California Code of Regulations (CCR), § 2449

**FARMER GRANT PROGRAM
ZERO EMISSION AG UTV APPLICATION
Shared Allocation Pool**

particleboard and medium density fiberboard, and producing woody landscape materials.

- Equipment replaced by a grant from this program must be destroyed.
- Projects must have at least 75% of their total activity for the project life in California.
- Emissions reductions obtained through FARMER projects must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement or other legal mandate.
- No emission reductions generated by the FARMER Program shall be used as marketable Emission Reduction Credits, or to offset any emission reduction obligation of any person or entity.
- No project funded by FARMER shall be used for credit under any federal or state emission averaging banking and trading program.
- Emission reduction technologies must be certified/verified by CARB and must comply with durability and warranty requirements. For the purposes of the FARMER Program, a technology granted conditional certification/verification by CARB is considered certified/verified.

Zero Emission Ag UTV Eligibility Criteria:

- Existing equipment must be a self-propelled UTV or tractor with less than 25 horsepower.
- Existing equipment must be powered by a compression-ignition engine (diesel) or spark-ignition engine (gasoline).
- Existing equipment must be operational and in-use at the time the application is submitted.
- Replacement UTVs must emit zero tailpipe emissions from the onboard source of power (such as all-electric or hydrogen fuel cell vehicles), and may not undergo any modification that would allow propulsion by any other means.
- The replacement UTV must be used exclusively for California agricultural operations.
- Replacement UTVs must have a towing capacity of 500 pounds or greater.
- An operational hour meter must be installed and maintained on the replacement UTV.

2. ATTACHMENT CHECKLIST

Check each applicable box below to indicate inclusion.

- Completed application
- Proof of baseline equipment ownership, showing that the participant has been the sole owner of the existing equipment for the previous 24 months (*e.g., bill of sale, tax logs, equipment insurance records, bank appraisal of equipment, maintenance/service records tied to equipment, general ledgers, etc.*)
- Dated and itemized quote for new UTV, including dealership name and contact information
- Manufacturer's specification data sheet for the replacement UTV
- IRS Form W-9 (for the entity that will sign the grant contract and receive funds, if awarded)
- Other _____

**FARMER GRANT PROGRAM
ZERO EMISSION AG UTV APPLICATION
Shared Allocation Pool**

3. APPLICANT INFORMATION

Applicant (Organization/Company/Individual Name):		
Person with contract signing authority:		
Contact Name <i>(if different from above)</i> :		
Phone:	Fax:	
Email Address:		
Business Type:		
Address/Street:		
City:	State:	ZIP Code:
Mailing Address/Street <i>(if different from above)</i> :		
City:	State:	ZIP Code:

4. FUNDING DISCLOSURE

<p>Have any engines or vehicles listed in this application applied for or been awarded Carl Moyer Program funding, or any other incentive funding?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

If "Yes," complete the following for each engine or vehicle:

Agency applied to:
Date of Agency Solicitation:
Funding Amount Requested or Awarded:
Equipment Make, Model, and Year:
Engine Serial Number:
Status of Funding:

**FARMER GRANT PROGRAM
ZERO EMISSION AG UTV APPLICATION
Shared Allocation Pool**

Please list any other financial incentive, including tax credits or deductions, grants, or other public financial assistance for the vehicle/engine:

5. THIRD PARTY CERTIFICATION

I have completed the application, in whole or in part, on behalf of the applicant.

Printed Name of Third Party:	Title:
Signature of Third Party:	Date:
Amount Being Paid for Application Completion in Whole or Part:	
Source of Funding to Third Party:	

6. COMPLIANCE DISCLOSURE STATEMENT

As an applicant/participant of the FARMER Program, I declare that _____
(Company Name)

is in compliance with, will remain in compliance with, and does not have any outstanding/unresolved/unpaid Notices of Noncompliance (NON) or citations for violations of any federal, state and local air quality regulations including, but not limited to, the following:

- Cargo Handling Equipment Regulation
- Public Agency and Utility Rule
- Commercial Harbor Craft Regulation
- Sleeper Berth Truck Idling Regulation
- Drayage Truck Regulation (including dray-off trucks)
- Solid Waste Collection Vehicle Regulation
- In-Use Off-Road Diesel Vehicle Regulation
- Stationary Engine Airborne Toxic Control Measures
- Marine Shore Power Regulation
- Statewide Truck and Bus Regulation
- Portable Diesel Airborne Toxic Control Measure
- Transit Fleet Rule

By signing below and submitting this application, I understand and acknowledge grant requirements and I hereby certify under penalty of perjury that the information in the application and attachments is accurate and true.

Authorized Representative's Name (<i>Print</i>):	Authorized Representative's Title:
Authorized Signature:	Date:
Legal Owner's Name:	Company Name:

FARMER GRANT PROGRAM
ZERO EMISSION AG UTV APPLICATION
 Shared Allocation Pool

7. PROJECT INFORMATION

Project Name:		
Project Street Address <i>(if different than business address)</i> :		
City:	State:	ZIP Code:
Total Project Cost:		Total Funding Amount Requested: <input type="radio"/> Maximum eligible <input type="radio"/> Other: \$ _____
List air district(s) in California in which the equipment operates and percent of operation in each <i>(see map at end of application)</i> :		
Percent Operation in California:		
Estimated Annual Hours of Operation: _____ OR Estimated Annual Gallons of Fuel Consumption: _____		
Project Type <i>(select one)</i> : <input type="radio"/> Replacement of one (1) existing UTV for one (1) new UTV <input type="radio"/> Replacement of multiple existing UTVs for one (1) new UTV. <i>Number of existing UTVs being replaced:</i> _____		
Method of UTV purchase (please note, this grant is designed as a reimbursement after purchase) <i>(select one)</i> : <input type="radio"/> Purchase in full <input type="radio"/> Use of short-term financing (PO account, Net 30 terms, etc.) <input type="radio"/> Use of long-term financing (the grant amount must immediately go towards principal)		
Is the UTV registered, domiciled, or operated a majority of the time <i>(check all that apply)</i> : <input type="checkbox"/> Within the boundaries of a disadvantaged community census tract , as defined by SB 535? <input type="checkbox"/> Within the boundaries of a low-income community census tract , as defined by AB 1550? <input type="checkbox"/> Outside of a disadvantaged community, but within ½-mile of a SB 535 disadvantaged community and within an AB 1550 low-income community census tract? <input type="checkbox"/> Within the boundaries of a low-income household?		
<i>Note: An online mapping tool of identified disadvantaged communities and low-income communities, and a "look-up" tool list of "low-income" thresholds by county and household size are available at: https://www.arb.ca.gov/cci-communityinvestments.</i>		

FARMER GRANT PROGRAM
ZERO EMISSION AG UTV APPLICATION
 Shared Allocation Pool

8. EXISTING (BASELINE) UTV INFORMATION

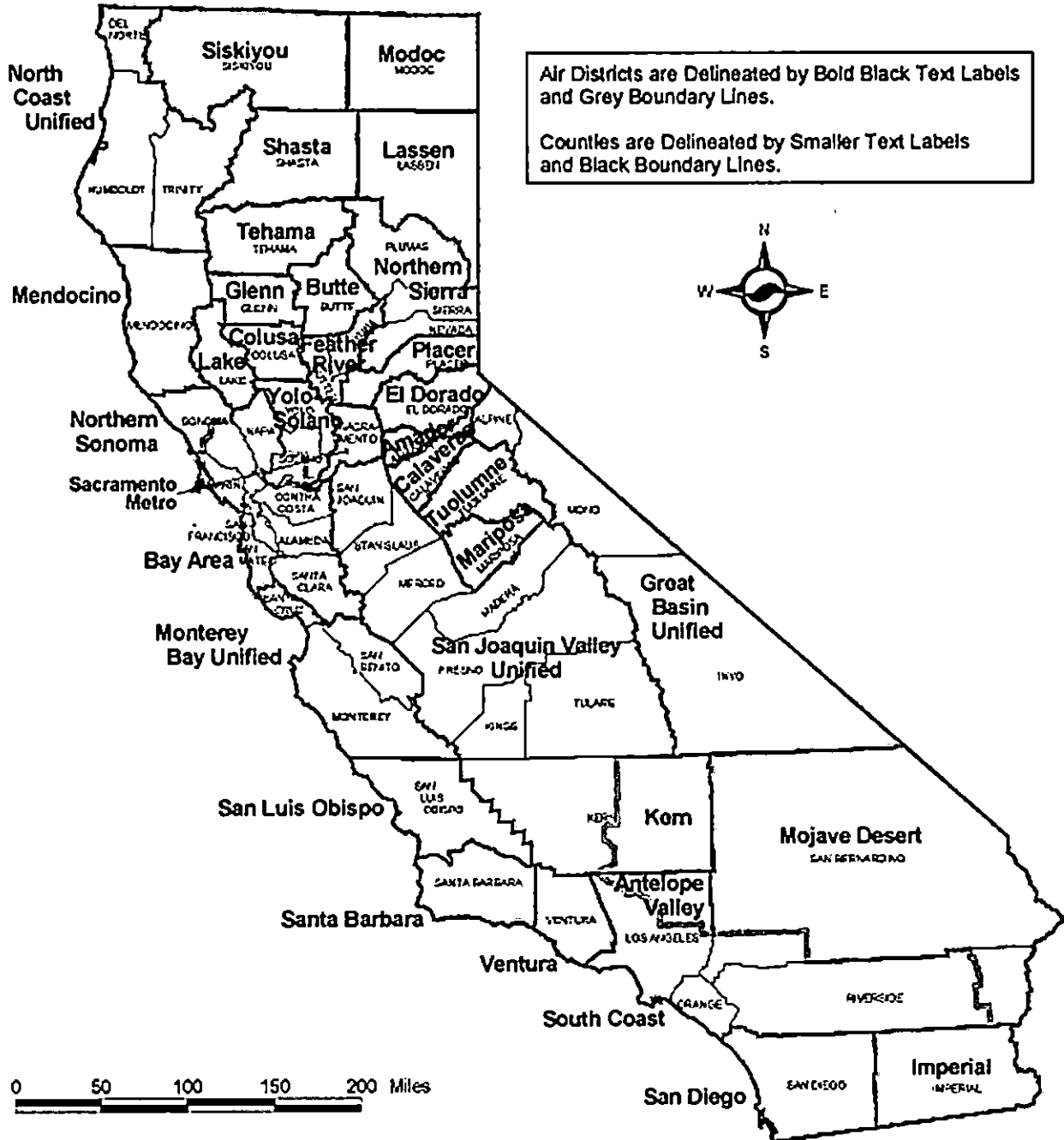
Make:	Model:	Model Year:
Vehicle Identification Number (VIN) or Equipment Serial Number:		
Engine Make:	Engine Model:	Engine Year:
Engine Family (<i>for controlled engines</i>):		
Engine Serial Number:	Engine Horsepower Rating:	
Fuel Type: <input type="radio"/> Diesel <input type="radio"/> Gasoline <input type="radio"/> Other: _____	Annual Average Hours of Operation:	

9. REPLACEMENT (NEW) UTV INFORMATION

Make:	Model:	Model Year:
Fuel Type: <input type="radio"/> Zero Emission (Electric) <input type="radio"/> All others (<i>not eligible</i>)	Engine Horsepower Rating (HP or KW):	

FARMER GRANT PROGRAM
 ZERO EMISSION AG UTV APPLICATION
 Shared Allocation Pool

California Air Districts and Counties



 California Environmental Protection Agency
 Air Resources Board

Appendix 3

INSPECTIONS



Inspection Form

RAP CLAMP FARMER MOYER VIP

Type of Inspection:

Existing Equipment:	<input type="checkbox"/> Pre-Inspection <input type="checkbox"/> Pre-Dismantle <input type="checkbox"/> Dismantle
Post-Inspection:	<input type="checkbox"/> Replacement Equipment Post-Inspection
Legible Pictures:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Project Type:	<input type="checkbox"/> On-Road <input type="checkbox"/> Off-Road <input type="checkbox"/> Infrastructure <input type="checkbox"/> Lawn/Garden <input type="checkbox"/> UTV
----------------------	--

Applicant Information

COMPANY NAME:	INSPECTION LOCATION:
Owner Name:	
Address:	
City, State, Zip:	
Phone No:	

Equipment and Engine Information

EXISTING EQUIPMENT REPLACEMENT EQUIPMENT

EQUIPMENT INFORMATION:			
Equipment Make:	Equipment Model:	Equipment Model Year:	
DOORS EIN (if applicable):	Equipment Serial Number:	Date of Manufacture:	
Fleet ID:	Hour Meter Reading:	Equipment operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Engine Information (If Applicable):			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Engine Serial Number or Air District ID Number:			Engine Horsepower:
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other:	Engine Family Number:	



For Pre-Dismantler Inspection ONLY, Specify

DISMANTLER:	CONTACT NAME:	PHONE:
		Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No

For Dismantler Inspection ONLY, Specify

DISMANTLER:	CONTACT NAME:	PHONE:
Frame Rails Cut? <input type="checkbox"/> Yes <input type="checkbox"/> No		Engine Destroyed? <input type="checkbox"/> Yes <input type="checkbox"/> No

Comments:

I certify under penalty of perjury that: (1) the information provided above is accurate, (2) the pictures are of the inspected equipment (3) the pictures clearly depict the inspected equipment, and (4) that I understand that this inspection form is incorporated in the agreement with the Shasta County Air Quality Management District.

Signature:	Date:
Authorized Name:	
Air District / Dealership:	
Address:	
City, State, Zip:	
Phone No:	

Required Photographs

- o Digital photos should be clear images with a minimum of 640x480 capture resolution. The Air District will specify the digital media required to save the pictures on.

(check the boxes/circles of pictures taken)

Pre-inspection of existing equipment	Post inspection of replacement equipment
<ul style="list-style-type: none"> <input type="checkbox"/> Equipment from left side <input type="checkbox"/> Equipment from right side <input type="checkbox"/> Equipment from front <input type="checkbox"/> Equipment from back <input type="checkbox"/> DOORS EIN (if applicable) <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine from drivers side <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> o Engine make o Engine model o Engine serial number o Engine family number 	<ul style="list-style-type: none"> <input type="checkbox"/> Equipment from left side <input type="checkbox"/> Equipment from right side <input type="checkbox"/> Equipment from front <input type="checkbox"/> Equipment from back <input type="checkbox"/> DOORS EIN (if applicable) <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine from drivers side <input type="checkbox"/> Engine tag <ul style="list-style-type: none"> o Engine make o Engine model o Engine serial number o Engine family number
Pre-Dismantler inspection of existing equipment	Dismantler inspection of existing equipment
<ul style="list-style-type: none"> <input type="checkbox"/> Equipment from left side <input type="checkbox"/> Equipment from right side <input type="checkbox"/> Equipment from front <input type="checkbox"/> Equipment from back <input type="checkbox"/> DOORS EIN (if applicable) <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine from drivers side <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> o Engine make o Engine model o Engine serial number o Engine family number 	<ul style="list-style-type: none"> <input type="checkbox"/> Equipment from left side <input type="checkbox"/> Equipment from right side <input type="checkbox"/> Equipment from front <input type="checkbox"/> Equipment from back <input type="checkbox"/> DOORS EIN (if applicable) <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine from drivers side <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> o Engine make o Engine model o Engine serial number o Engine family number <input type="checkbox"/> Cut in frame rails <input type="checkbox"/> Hole in engine block (at least 3 inches wide)

**If engine tag is missing, a picture of the engine serial number stamped on the engine block must be submitted*

Appendix 4

SAMPLE GRANT AGREEMENT

**Agreement Number CM xx-xx
PROGRAM**

**SHASTA COUNTY AIR QUALITY MANAGEMENT DISTRICT HEAVY-DUTY
LOW-EMISSION VEHICLE/ENGINE INCENTIVE PROGRAM AGREEMENT**

This Agreement ("Agreement") is between the Shasta County Air Quality Management District ("District"), a public agency of the State of California, and Applicant, A California -Entity- ("Participant"), collectively, the "Parties" and individually, a "Party."

WHEREAS, the California Legislature, in 2017, allocated funds for an incentive program to reduce emissions from heavy-duty diesel engines associated with agricultural production. Agricultural harvesting equipment, heavy duty trucks, agricultural pump engines, tractors and other equipment used in agricultural operations are eligible for funding; and

WHEREAS, pursuant to the California Air Resources Board (CARB) PROGRAM TITLE (PROGRAM NAME) Program ("Program"), on xx, xx, xxxx (date), the Shasta County Air Pollution Control Board ("APCB"), as the governing body of the District, approved Resolution Number xx-xx (ATTACHMENT C), which is hereby incorporated and made a part of this Agreement, approving the District's participation in the Program and acceptance of funds to be awarded for eligible projects in accordance with the terms and conditions of the applicable Program grant, award and the applicable Program Guidelines and other requirements; and

WHEREAS, the Program provides incentives to fleet operators and individuals for acquisition of heavy-duty motor vehicles and engines operating at low-emission levels; and

WHEREAS, pursuant to Resolution Number XX-XX the Shasta County Air Pollution Control Officer ("APCO") is authorized to execute incentive Agreements for the Program; and

WHEREAS, Participant wishes to purchase the low-emission vehicle specified in ATTACHMENT A of this Agreement, attached and incorporated herein, and represents that the purchase is not required by any local, state, and/or federal law, rule, or regulation and, if Participant is a public agency, Participant further warrants that its board policy does not require the subject purchase.

NOW THEREFORE, the Parties agree as follows:

1. Unless otherwise specifically provided, the definitions set forth in Section 44275 of the Health and Safety Code shall govern the provisions of this Agreement.
2. Participant agrees to purchase the low-emission vehicle specified in ATTACHMENT A (hereinafter referred to as "vehicle").
3. Participant agrees to accept from District in full satisfaction of this Agreement, the sum of \$xx,xxx for the purchase of the vehicle specified in ATTACHMENT A, subject to the terms of this Agreement.

4. This Agreement shall begin upon execution by both Parties and terminate on xx xx, xxxx (date). No payment under this Agreement shall be made to Participant unless (an) existing and operable vehicle, specified in **ATTACHMENT D**, is replaced with the qualifying vehicle specified in **ATTACHMENT A** and as verified by the APCO or his/her designee.

5. Participant shall provide written documentation that the low-emission technology of the vehicle specified in **ATTACHMENT A** is certified for sale and for operation in California. The low-emission technology must achieve at least a 15 percent reduction in NOx emissions for engine replacements and at least a 30 percent reduction in NOx emissions for vehicle replacements when compared to the applicable NOx emission standard for the replaced vehicle. "Applicable NOx emission standard" refers to the State of California Air Resources Board ("CARB") standards for the model year and application of the replaced vehicle specified in **ATTACHMENT D** and of the vehicle specified in **ATTACHMENT A**. Participant shall provide written documentation that the vehicle specified in **ATTACHMENT A** meets the 15 - 30 percent reduction using one of the three following methods (check one):
 - CARB certification testing; or
 - U.S. Environmental Protection Agency certification testing; or
 - Emission testing at a laboratory approved by the U.S. Environmental Protection Agency or the CARB.

All testing required to verify compliance with the terms and conditions of this Agreement must be performed in a manner acceptable to the APCO, or his/her designee.

6. Participant represents that the vehicle specified in **ATTACHMENT A** meets all the eligibility requirements described in the Program's General Policy and Procedure Statement ("Statement"), on file at the District office as of the date Participant signs this Agreement and as may be amended in the future, entitled "Shasta County Air Quality Management District Carl Moyer Program Policies and Procedures Year xx – 20xx CMP Guidelines (updates approved by ARB through Dec. 28, 2017)" and incorporated herein by reference. Participant further agrees to operate the vehicle specified in **ATTACHMENT A** in a manner that is consistent with the eligibility requirements in the Statement and the goals and objectives of the Program. Participant further agrees that the vehicle specified in **ATTACHMENT A** will be operated in California at least 75 percent of the time from the beginning of this Agreement through xx,xx,xxxx. Verification of Participant's compliance with this Section shall be determined by District in its sole discretion.

7. Participant shall provide written annual reports to the APCO, or his/her designee, during the term of this Agreement that verify compliance with the Program and this Agreement. Verification of compliance with this Agreement and the Program shall be determined by District in its sole discretion. It is the Participant's responsibility to maintain records adequate to document the information provided in the annual reports. Participant shall make available to District staff all items listed below used in the annual reporting process throughout the term of this Agreement. The first annual report will be due on xx xx, xxxx, and thereafter by December 31 of each subsequent year.

For the purposes of submitting the final annual report, this provision shall survive the expiration of this Agreement. Each annual report must include:

For On-Road Vehicle	For Off-Road Vehicle
1. Copies of all driver log book entries for the preceding year	1. Hours operated
2. Miles traveled	2. Fuel consumed
3. Fuel consumed	3. Fuel cost
4. Fuel cost	4. Engine downtime
5. Vehicle downtime	5. Type and cost of maintenance performed
6. Type and cost of maintenance performed	

8. Participant shall defend, hold harmless, and indemnify the District and the County of Shasta ("County"), their elected officials, officers, employees, agents, and volunteers against all claims, suits, actions, costs, expenses (including, but not limited to, reasonable attorney's fees of County Counsel and counsel retained by the District and County, expert fees, litigation costs, and investigation costs), damages, judgments, or decrees arising from the acts, errors or omissions of the Participant or any of Participant's subcontractors, any person employed under Participant, or under any subcontractor, or in any capacity, related to the terms and conditions of this Agreement, except when the injury or loss is caused by the sole negligence or intentional wrongdoing of the District. The provisions of this paragraph are intended to be interpreted as broadly as permitted by applicable law. This provision shall survive the termination, expiration, or cancellation of this Agreement.

If any claim for damages is filed with Participant or if any lawsuit is instituted against Participant relating to the terms and conditions of this Agreement and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect District, Participant shall give prompt and timely notice thereof to District. Notice shall be prompt and timely if given within 30 days following the receipt of a claim or 10 days following the date of service of process of a lawsuit. This provision shall survive the termination, expiration, or cancellation of this Agreement.

9. ____ (Participant to Initial) Participant agrees that the vehicle specified in **ATTACHMENT A** will meet the minimum performance requirements prescribed in **ATTACHMENT B**, attached and incorporated herein. Upon expiration of this Agreement on the date specified in Section 4 of this Agreement, if the vehicle has failed to meet the minimum performance requirements prescribed in **ATTACHMENT B**, Participant shall reimburse the District a sum based on the difference between the required minimum usage amount and the actual usage amount. The reimbursement sum shall be a percentage of the sum paid to Participant pursuant to Section 3 of this Agreement, which is equal to the percentage difference between the minimum usage amount and the actual usage amount. (For example, if the actual usage amount is 75 percent of the minimum usage amount requirement, then Participant shall reimburse, to the District, a sum equal to 25 percent of the sum paid to the Participant as provided in Section 3.) Participant agrees that the District may, at its sole discretion, waive all or part of this reimbursement obligation after considering the circumstances pertaining to the failure to meet the minimum usage amount requirement.
10. ____ (Participant to Initial) The replaced vehicle, as described in **ATTACHMENT D**, must be rendered useless by a method approved by the APCO or his/her designee (e.g. by the cylinder block being destroyed beyond repair and frame rail cut in two pieces). Participant is responsible for destruction and must make the destroyed vehicle available for

inspection by the APCO or his/her designee and/or provide proof of destruction acceptable to the APCO or his/her designee upon request.

11. Participant acknowledges that receipt of the funds specified in Section 3 of this Agreement prohibits application for any other form of emission reduction credits for the purchase of the vehicle specified in ATTACHMENT A. This prohibition includes, but is not limited to: Emission Reduction Credit ("ERC"), Mobile Emission Reduction Credit ("MERC"), and/or Certificate of Advanced Placement ("CAP"). This prohibition extends to credits from the District as well as all other air quality management or air pollution control districts.
12. Participant hereby warrants that the purchase of the vehicle specified in ATTACHMENT A is a completely voluntary act and that District has made no representations or guarantees to Participant regarding the quality, condition, or proposed use of the vehicle specified in ATTACHMENT A.
13. This Agreement and any payments to Participant pursuant to this Agreement are subject to the provisions and limitations imposed by the Carl Moyer Memorial Air Quality Standards Attainment Program and the FARMER Program. District shall have no liability for payment of any compensation and expenses that are found to be in contravention of the Carl Moyer Memorial Air Quality Standards Attainment Program, the FARMER Program, the Health and Safety Code, or any other state or federal law. Participant shall reimburse District for payments made by District to Participant pursuant to this Agreement and later determined to be in contravention of the Carl Moyer Memorial Air Quality Standards Attainment Program, the FARMER Program, the Health and Safety Code, or any other state or federal law.
14. The person(s) signing this Agreement on behalf of Participant affirmatively represent(s) that he or she has legal authority to bind Participant to the terms of this Agreement.
15. Correspondence between the District and Participant should be addressed to the following:

To District	To Participant
Air Pollution Control Officer Shasta County AQMD 1855 Placer Street, Suite 200 Redding, CA 96001 Phone: (530) 225-5789 FAX: (530) 225-5807	Name, Title Buisness Address Address Phone:

The foregoing addresses and/or contacts may be changed by written notice to the other party. Any written notice required or permitted under this Agreement may be given by mail, using the U.S. Postal Service (First Class Mail), or by personal service. If mailed, notice is deemed complete three days after mailing.

16. Without limiting Participant's duties of defense and indemnification, Participant and any subcontractor shall obtain, from an insurance carrier authorized to transact business in the State of California, and maintain continuously during the term of this Agreement, Commercial General Liability Insurance, including coverage for owned and non-owned automobiles, and other insurance necessary to protect the District, the County of Shasta, and the public with limits of liability of not less than \$1 million combined single-limit

bodily injury and property damage; such insurance shall be primary as to any other insurance maintained by the District or the County of Shasta. Participant shall furnish copies of certificates of insurance coverage to the District.

Participant and any subcontractor shall obtain and maintain continuously required Workers' Compensation and Employer's Liability Insurance to cover Participant, subcontractor, Participant's partner(s), subcontractor's partner(s), Participant's employees, and subcontractor(s) employees with an insurance carrier authorized to transact business in the State of California covering the full liability for compensation for injury to those employed by Participant or subcontractor. Each such policy shall be endorsed to state that the Workers' Compensation carrier waives its right of subrogation against the District, the County, their elected officials, officers, employees, agents, and volunteers, which might arise in connection with this agreement. Participant hereby certifies that Participant is aware of the provisions of section 3700 of the Labor Code, which requires every employer to insure against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and Participant shall comply with such provisions before any payment shall be made to Participant pursuant to this Agreement.

Participant shall require subcontractors to furnish satisfactory proof to the District and/or the County of Shasta that liability and workers compensation and other required types of insurance have been obtained and are maintained similar to that required of Participant pursuant to this Agreement.

With regard to all insurance coverage required by this Agreement:

- (1) Any deductible or self-insured retention exceeding \$25,000 for Participant or subcontractor shall be disclosed to and be subject to approval by the Shasta County Risk Manager prior to the effective date of this Agreement.
- (2) If any insurance coverage required hereunder is provided on a "Claims made" rather than "occurrence" form, Participant or subcontractor shall maintain such insurance coverage with an effective date earlier or equal to the effective date of this Agreement and continue coverage for a period of three years after the expiration of this Agreement and any extensions thereof. In lieu of maintaining post-agreement expiration coverage as specified above, Participant or subcontractor may satisfy this provision by purchasing tail coverage for the claims-made policy. Such tail coverage shall, at a minimum, provide the insurance coverage required hereunder for claims received and reported three years after the expiration date of this Agreement.
- (3) All insurance (except workers' compensation and professional liability) shall include an endorsement or an amendment to the policy of insurance that names *the District, Shasta County, their elected officials, officers, employees, agents, and volunteers as additional insureds and provides that coverage shall not be reduced or canceled without 30 days' written prior notice certain to the County.* Any available insurance proceeds in excess of the specified minimum limits and coverage pursuant to the terms of this Agreement shall be applicable to the Additional Insured. The additional insureds coverage shall be equal to Insurance Service Office endorsement CG 20 10 for on-going operations, and CG 20 37 for completed operations.

- (4) Each insurance policy, (except for workers' compensation and professional liability policies) or an endorsement thereto, shall contain a "separation of insureds" clause which shall read:

"Separation of Insureds. Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
 - b. Separately to each suit insured against whom a claim is made or suit is brought."
- (5) Participant shall provide District an endorsement or amendment to Participant's policy of insurance as evidence of insurance protection before the effective date of this Agreement.
 - (6) The insurance coverage required herein shall be in effect at all times during the term of this Agreement. In the event any insurance coverage expires at any time during the term of this Agreement, Participant shall provide, at least 20 days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein for not less than the remainder of the term of this Agreement or for a period of not less than one year. In the event Participant fails to keep in effect at all times insurance coverage as herein provided and a renewal endorsement or policy amendment is not provided within 10 days of the expiration of the endorsement or policy amendment in effect at inception of this Agreement, District may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.
 - (7) If the endorsement or amendment does not reflect the limits of liability provided by the policy of insurance, Participant shall provide the District and/or the County of Shasta a certificate of insurance reflecting those limits.
 - (8) Any of Participant's Excess Insurance shall contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the District and Shasta County.

17. This Agreement supersedes all previous Agreements relating to the subject of this Agreement and constitutes the entire understanding of the parties hereto. Participant shall be entitled to no other benefits other than those specified herein. Participant specifically acknowledges that in entering into and executing this Agreement, Participant relies solely upon the provisions contained in this Agreement and no others. No changes, amendments, or alterations to this Agreement shall be effective unless in writing and signed by both Parties.

This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed in a state court located in Shasta County, California.

18. Participant shall observe and comply with all applicable federal, state, County, and District statutes, ordinances, regulations, and directives. This includes, but is not limited to, the following:
 - a. Participant shall not discriminate in employment practices or in the delivery of services on the basis of race, color, creed, religion, national origin, sex, age, marital status, sexual orientation, medical condition (including cancer, HIV, and AIDS), physical or mental disability, use of family care leave under either the Family & Medical Leave Act or the California Family Rights Act, or on the basis of any other status or conduct protected by law.
 - b. Participant represents that Participant is in compliance with and agrees that Participant shall continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. sections 12101, *et seq.*), the Fair Employment and Housing Act (Government Code sections 12900, *et seq.*) and regulations and guidelines issued pursuant thereto.
 - c. Participant's failure to comply with state and federal child, family, and spousal support reporting requirements regarding Participant's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family and spousal support obligations shall constitute a default under this Agreement. Participant's failure to cure such default within 90 days of notice by District shall be grounds for termination of this Agreement in accordance with the provisions of Section 19 of this Agreement.
 - d. Participant shall possess and maintain all necessary licenses, permits, certificates, and credentials required by the laws of the United States, the State of California, the County of Shasta, and all other appropriate governmental agencies, including any certification and credentials required by the District. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this Agreement and constitute grounds for termination of this Agreement by District in accordance with the provisions of Section 19.
19. At any time prior to the expiration date specified in Section 4, this Agreement may be terminated by the District upon 30-day written notice if Participant fails to meet any and all of the terms and conditions in this Agreement as determined by District. If this Agreement is terminated, Participant shall refund the entire amount paid by the District to Participant stated in Section 3 of this Agreement. The District may, at its sole discretion, waive all or a portion of the refund or allow Participant an opportunity to cure the failure to meet the obligations of this Agreement. District's authority to terminate may be exercised by the APCO or his/her designee.
20. Upon execution of this Agreement by both Parties, Participant shall have until xx,xx,xxxx, to complete the replacement of the existing vehicle with the vehicle specified in **ATTACHMENT A**. The APCO, or the APCO's designee, may, in his/her sole discretion, extend this time limit upon the written request of Participant.
21. Participant may not assign, transfer, delegate, or sublet any interest herein without the prior written consent of the District. Unless otherwise specifically provided in this Agreement, the waiver by the District of any breach of any requirement of this Agreement shall not be deemed to be a waiver of any other breach.
22. If any portion of this Agreement or application thereof to any person or circumstance is declared invalid by a court of competent jurisdiction or if it is found in contravention of

any federal or state statute or regulation or County or District ordinance, regulation, or rule, the remaining provisions of this Agreement, or the application thereof, shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

23. In addition to enforcement by the District, the State of California Air Resources Board, as an intended third-party beneficiary, shall have the right to audit, monitor, and enforce the terms of this Agreement.

The State of California Air Resources Board shall have the right to pursue whatever legal, equitable, and other remedies are available under law for Participant's failure to comply with the Carl Moyer Memorial Air Quality Standards Attainment Program or FARMER Program requirements and failure to fully comply with the terms and conditions of this Agreement.

24. Payment of the sum specified in Section 3 of this Agreement requires prior submission to the District of itemized paid invoices from the seller/transferor of the vehicle specified in **ATTACHMENT A**, satisfactory post-inspection by the District, and verification by the District that the vehicle specified in **ATTACHMENT A** is operational.
25. _____ (Participant to Initial) Participant agrees that by signing this Agreement, Participant shall not submit another application or sign another Agreement for the same vehicle specified in **ATTACHMENT A** with any other source of funds under the Carl Moyer Memorial Air Quality Standards Attainment Program of the FARMER Program, including but not limited to, other air quality management districts or the State of California Air Resources Board. If Participant submits or has submitted multiple applications or signed multiple contracts/agreements for the same vehicle, as specified in **ATTACHMENT A**, from more than one source under the Carl Moyer Memorial Air Quality Standards Attainment Program, Participant shall be in breach of this Agreement and shall be disqualified from funding for the vehicle specified in **ATTACHMENT A**, from all sources and may also be banned from submitting future applications under the Carl Moyer Memorial Air Quality Standards Attainment Program or FARMER Program and shall be subject to any and all applicable criminal statutes and the imposition of any and all civil and criminal fines and penalties.
26. Participant shall be required to maintain the vehicle specified in **ATTACHMENT A** according to the manufacturer's specifications for the term of this Agreement. This includes maintaining a working hour meter or other approved usage measuring device.
27. Participant shall allow the District, and the State of California Air Resources Board, or their designees, to inspect the vehicle specified in **ATTACHMENT A**, and/or the records relating to the vehicle specified in **ATTACHMENT A**, during the term of this Agreement. Participant shall allow fiscal auditing by the District, and the State of California Air Resources Board, or a third-party designee during the term of this Agreement.
28. Participant shall maintain records as required by this Agreement for a period of three years after final payment or two years after the expiration, termination, or cancellation of this Agreement, whichever is later.
29. District reserves the right to cancel this Agreement immediately upon oral notice and not make payments of any amount pursuant to Section 3 of this Agreement should funding be decreased or otherwise not be available for the Program.

30. Participant shall, during the entire term of this Agreement, be construed to be an independent contractor and nothing in this Agreement is intended nor shall be construed to create an employer-employee relationship, a partnership, or a joint venture relationship between the District and Participant.
31. Participant represents and warrants that Participant, on the date of execution of this Agreement, (1) has paid all property taxes for which Participant is obligated to pay, or (2) is current in payments due under any approved property tax payment arrangement. Participant shall make timely payment of all property taxes at all times during the term of this Agreement.

Signature page follows

Approved: _____ Date: _____
NAME, Chief Executive Officer
Business Name

Approved: _____ Date: _____
NAME, Chief Financial Officer
Business Name

Approved: _____ Date: _____
NAME
Air Pollution Control Officer

Approved as to Form: _____ Date: _____
NAME
County Counsel

Approved as to Form: _____ Date: _____
NAME
Risk Management

**NEW EQUIPMENT AND/OR RETROFIT INFORMATION
ATTACHMENT A**

1. Equipment Type/Function:
2. Equipment Make:
3. Equipment Model:
4. Equipment Model Year:
5. Equipment Serial Number:
6. Equipment Identification Number (unique number designated by applicant)
7. Number of Main Engines on this Equipment:
8. Engine Family (for controlled engines only):
9. Engine Tier (for controlled engines only):
10. Engine Make:
11. Engine Model:
12. Engine Model Year:
13. Engine Horsepower:
14. Engine Serial Number:
15. Engine Fuel Type: Diesel
16. Total Project Amount: \$
17. Award Amount: \$
18. Dealership:

**PERFORMANCE REQUIREMENTS
ATTACHMENT B**

The below listed vehicle(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 9 of this Agreement.

Vehicle or Engine Make and Model	VIN/Serial Number*	Minimum Usage Contract Life	Reimbursement Amount	Maximum Incentive Amount

* If Machine serial number is blank, serial number will be filled in by the District upon verification that the vehicle(s)/engine(s) have been acquired by Participant.

BASELINE ENGINE INFORMATION
ATTACHMENT D

1. Equipment Type/Function:		
2. Equipment Make:		
3. Equipment Model:		
4. Equipment Model Year:		
5. Equipment Serial Number:		
6. Equipment Identification Number (unique number designated by applicant)		
7. Number of Main Engines on this Equipment:		
8. Equipment Location		
Street:		
City:	State:	Zip:
9. Engine Family (for controlled engines only):		
10. Engine Tier (for controlled engines only):		
11. Engine Make:		
12. Engine Model:		
13. Engine Model Year:		
14. Engine Horsepower:		
15. Engine Serial Number:		
16. Engine Fuel Type:		

Appendix 5

ANNUAL REPORTING FORMS

Carl Moyer Annual Reporting Form

1/1/21-12/31/21

(Contract expires 12/31/2021)

Name: _____ Phone: _____

Company

Address

City, State, Zip

Contract Number

Unit

Off-Road Ag Project Information:

Hours operated: _____

or

Fuel consumed: _____

Engine downtime (if applicable): _____

Type and cost of maintenance performed: _____

Please return to:

ATTN: Carl Moyer Program
Shasta County
Department of Resource Management
1855 Placer Street, Suite 101
Redding, CA 96001
FAX: (530) 225-5237

**Please return by April 2nd.*

FARMER Annual Reporting Form
1/1/20-12/31/20
(Contract expires 12/31/2024)

Name
Buisness
Address
City, State, Zip
FARMER XX-XX
Unit

Phone:

FARMER Project Information:

Hours operated: _____
or
Fuel consumed: _____

Engine downtime (if applicable): _____

Type and cost of maintenance performed: _____

Please return to:

ATTN: Carl Moyer Program
Shasta County
Department of Resource Management
1855 Placer Street, Suite 101
Redding, CA 96001
FAX: (530) 225-5237

***Please return by April 2nd.**

Appendix 6

EXAMPLE EXPENDITURE SPREADSHEET



CARL Report Utility Home Refresh Ross Bell

Select a Report Type:

Cumulative Report
 Liquidation
 Cumulative Report Detailed Information (not required)

Funding Year Start: MY 18

Funding Year End: MY 20

**CARL Moyer Memorial Air Quality
 Standards Attainment Program
 DISTRICT YEARLY REPORT
 Cumulative Tracking Report
 Shasta County AQMD Funding Year 19**

Table 1: Summary Table

Funding Source	Year	TARGET	Executed Funds	Expended Funds	Liquidated Funds	Total Funds (Executed + Expended + Liquidated)	Difference (Total Funds - Target)
Moyer	18	\$271,980.00	\$0.00	\$0.00	\$271,980.00	\$271,980.00	\$0.00
Match	18	\$46,625.00	\$0.00	\$0.00	\$46,625.00	\$46,625.00	\$0.00
Multi-District/State Reserve	18	\$1,803,536.00	\$265,000.00	\$0.00	\$742,602.00	\$1,007,602.00	(\$795,934.00)
Moyer Interest	18	\$5,283.00	\$0.00	\$0.00	\$5,283.00	\$5,283.00	\$0.00
Moyer	19	\$292,155.00	\$90,000.00	\$0.00	\$111,410.33	\$201,410.33	(\$90,744.67)
Match	19	\$43,823.00	\$0.00	\$0.00	\$43,823.00	\$43,823.00	\$0.00
Moyer Interest	19	\$20,584.58	\$0.00	\$0.00	\$20,584.58	\$20,584.58	\$0.00
Moyer	20	\$296,175.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$296,175.00)
Match	20	\$44,426.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$44,426.00)
Moyer Interest	20	\$19,367.10	\$0.00	\$0.00	\$0.00	\$0.00	(\$19,367.10)

Appendix 7

EXAMPLE CORRESPONDENCE LETTERS TO APPLICANTS

June 24, 2008

; Owner

Dear :

CARL MOYER PROGRAM AGREEMENT:

Enclosed, please find four copies of the Shasta County Air Quality Management District (District) Heavy-Duty Low-Emission Vehicle Incentive Program Agreement. If this Agreement is acceptable to you, please initial paragraphs #9, #10, and #25, and sign and date on page 5. Make a copy for your records, and return **all four** originals of each contract to my attention at the District office.

Please feel free to call me at 225-5674 if you have any questions regarding this Agreement.

Sincerely,

Air Quality District Manager

RB/mb

enclosures

April 2, 2008

Dear :

Enclosed please find the information we discussed this morning. It includes information on the requirements for agricultural diesel engines and the District's registration program. I have also enclosed the information of the District Carl Moyer Heavy duty Low Emission Vehicle Program.

If you have any questions regarding this information, please feel free to call me.

Sincerely,

Air Quality District Manager

January 30, 2008

Dear

The District received your application for a repower project under the Carl Moyer Memorial Air Quality Standards Attainment Program on January 18, 2008. The application has been deemed incomplete and the following information is needed to process your application for the repower:

1. The new engine selected for the repower does not provide for oxides of nitrogen (NOx) reduction. A minimum NOx reduction of 15 percent is required for Carl Moyer project funding. Please consider a newer engine for the repower.
2. Section F. Retrofit Projects. The model of the retrofit device or the retrofit device executive order number is required to complete the application.

Please submit the above information as soon as possible.

I have also included a notice of a workshop for the In-Use On-Road Heavy Duty Diesel Fueled Vehicles which will be held in Redding on February 6, 2008.

Sincerely,

Air Quality District Manager

rb/mg

enclosure

c:

Appendix 8

SAMPLE SHASTA COUNTY AIR POLLUTION CONTROL BOARD RESOLUTIONS

APCB RESOLUTION NO. 2019-01

**A RESOLUTION OF THE AIR POLLUTION CONTROL BOARD
OF THE SHASTA COUNTY AIR QUALITY MANAGEMENT DISTRICT
AUTHORIZING SUBMITTAL OF AN APPLICATION AND ACCEPTANCE
FOR CARL MOYER AIR QUALITY STANDARDS ATTAINMENT
PROGRAM YEAR 21 FUNDS**

WHEREAS, the California Legislature in 1998, allocated funds for an incentive program to reduce emissions from heavy-duty diesel engines; and

WHEREAS, the Carl Moyer Air Quality Standards Attainment Program (the "Program") was established to reduce emissions by providing grants to local air districts for the incremental cost of cleaner heavy-duty vehicles and equipment; and

WHEREAS, the California Air Resources Board has been delegated the responsibility for the administration of the Program within the state, setting up necessary procedures governing application by air pollution control and air quality management districts; and

WHEREAS, the Shasta County Air Quality Management District (the "District") desires to apply for grant funds and, if awarded, to enter into an agreement with the State of California for development of this year's Program.

WHEREAS, additional Program funds may become available through the Rural Assistance Program (RAP) administered by the California Air Pollution Control Officers Association.

NOW, THEREFORE, BE IT RESOLVED that the Shasta County Air Pollution Control Board hereby:

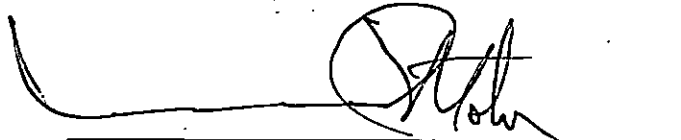
- 1) Authorizes the Shasta County Air Quality Management District to submit applications to the California Air Resources Board and accept funds in the amount of \$317,837 from the Program project and administration funds and any such higher or lower amount to the extent funds are available. A District match of AB 2766 funds is also authorized up to \$50,000. These funds are to be expended by June 30, 2023;
- 2) Appoints the Director of Resource Management as agent for the Shasta County Air Quality Management District to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary for the operation and completion of the Program;
- 3) Authorizes expenditures which include salaries, benefits, grants for cleaner heavy-duty vehicles, advertising, administrative expenses, and hand-out items associated with and in furtherance of the Program; and

BE IT FURTHER RESOLVED, that the Shasta County Air Pollution Control Board does hereby approve the District's continued participation in the Program and acceptance of funds to be awarded for eligible projects in accordance with the terms and conditions of the applicable Program guidelines each year through Fiscal Year 2022-2023 and as they may be amended from time to time; and

BE IT FURTHER RESOLVED, that the Shasta County Air Pollution Control Board does hereby approve the District's continued acceptance of any qualified project grant funds and administrative funds awarded to the District through the Rural Assistance Program (RAP) funding program each year through Fiscal Year 2022-2023.

DULY PASSED AND ADOPTED this 8th day of January, 2019, by the Air Pollution Control Board of the Shasta County Air Quality Management District by the following vote:

AYES: Members Moty, Baugh, McElvain, and Morgan
NOES: None
ABSENT: None
ABSTAIN: None
RECUSE: None



LEONARD MOTY, CHAIRMAN
Air Pollution Control Board
County of Shasta
State of California

ATTEST:

LAWRENCE G. LEES
Clerk of the Air Pollution Control Board

By 
Deputy

THIS INSTRUMENT IS
A CORRECT COPY OF THE ORIGINAL
ON FILE IN THIS OFFICE

ATTEST JAN 08 2019

CLERK OF THE BOARD
Supervisor of the County of Shasta, State of California
By: 

RESOLUTION NO. _____

**RESOLUTION OF THE AIR POLLUTION CONTROL BOARD
OF THE COUNTY OF SHASTA
AUTHORIZING SUBMITTAL OF AN APPLICATION
FOR A CARL MOYER AIR QUALITY STANDARDS
ATTAINMENT PROGRAM FUNDS- FY 2007/2008 (YEAR 10)**

WHEREAS, The California Legislature in 1998 allocated funds for an incentive program to reduce emissions from heavy-duty diesel engines; and

WHEREAS, the Carl Moyer Air Quality Standards Attainment Program (the Carl Moyer Program) was established to reduce emissions by providing grants to local air districts for the incremental cost of cleaner heavy-duty vehicles and equipment; and

WHEREAS, the California Air Resources Board has been delegated the responsibility for the administration of the program within the state, setting up necessary procedures governing application by air pollution control and air quality management districts.

NOW, THEREFORE, BE IT RESOLVED, that the Shasta County Air Pollution Control Board hereby:

- 1) Authorizes the District to submit an application to the California Air Resources Board for \$382,256 (plus any additional funds available according to ARB calculation up to \$70,000 District match) in grant funds from the Carl Moyer Program- Fiscal Year 2007/2008. These funds are to be spent by June 30, 2010.

DULY PASSED AND ADOPTED this _____ day of _____, by the Air Pollution Control Board of the County of Shasta by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSE:

Mark Cibula, CHAIRMAN
Air Pollution Control Board
County of Shasta
State of California

ATTEST:

LAWRENCE G. LEES
Clerk of the Air Pollution Control Board

By: _____
Deputy

APCB RESOLUTION NO. _____

**RESOLUTION OF THE AIR POLLUTION CONTROL BOARD,
OF THE COUNTY OF SHASTA
AUTHORIZING ACCEPTANCE OF CARL MOYER AIR QUALITY STANDARDS
ATTAINMENT PROGRAM YEAR 10 FUNDS - FY 2007/2008**

WHEREAS, the California Legislature in 1998 allocated funds for an incentive program to reduce emissions from heavy-duty diesel engines; and

WHEREAS, the Carl Moyer Air Quality Standards Attainment Program (the Carl Moyer Program) was established to reduce emissions by providing grants to local air districts for the incremental cost of cleaner heavy-duty vehicles and equipment;

WHEREAS, the California Air Resources Board has been delegated the responsibility for the administration of the program within the state, setting up necessary procedures governing application by air pollution control and air quality management districts; and

WHEREAS, the District will enter into an agreement with the State of California for development of the project;

NOW, THEREFORE, BE IT RESOLVED that the Shasta County Air Pollution Control Board hereby:

- 1) Authorizes the District to accept the Carl Moyer Program Year 10 Grant Funds-FY 2007/2008 for \$384,802;
- 2) Appoints the Director of Resource Management as agent for the Air Quality Management District to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of aforementioned project;
- 3) Authorizes expenditures which include salaries; benefits; grants for cleaner heavy-duty vehicles; advertising; and administrative expenses, hand out items; and
- 4) Authorizes the Auditor to pay claims for said expenditures for grant cycle ending June 30, 2010.

DULY PASSED AND ADOPTED this _____ day of _____, 2008, by the Air Pollution Control Board of the County of Shasta, State of California, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSE:

ATTEST:

LAWRENCE G. LEES
Clerk of the Board of Supervisors

LINDA HARTMAN, CHAIRMAN
Air Pollution Control Board
County of Shasta
State of California

By: _____

Appendix 9

APPROVAL OF MODIFICATION TO EXISTING PROJECT CATEGORIES IN THE FARMER PROGRAM



CALIFORNIA
AIR RESOURCES BOARD

Gavin Newsom, Governor
Jared Blumenfeld, CalEPA Secretary
Mary D. Nichols, Chair

To: Richard Corey
Executive Officer
California Air Resources Board

Through: Steve Cliff, Ph.D.
Deputy Executive Officer

From: Jack Kitowski, Chief
Mobile Source Control Division

Date: October 21, 2019

Subject: APPROVAL OF MODIFICATIONS TO EXISTING PROJECT CATEGORIES
AND AN ADDITIONAL PROJECT CATEGORY IN THE FUNDING
AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION
REDUCTIONS (FARMER) PROGRAM

The purpose of this memo is to request your concurrence with staff's recommendations for modifications to three existing project categories and an additional project category in the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. The FARMER Program Guidelines were approved by the Board in March 2018. As part of the Guidelines, the Board granted the California Air Resources Board's (CARB) Executive Officer authority to approve additional project categories and make modifications to existing project categories as needed (Resolution 18-13).

Staff received public feedback and requests to include an additional project category for agricultural demonstration projects, as well as requests to modify the project criteria for zero-emission agricultural utility terrain vehicles (UTV), heavy-duty trucks, and the Off-Road Mobile Agricultural Equipment Trade-Up (Ag Trade-Up) Pilot Project. Staff held a public work group in August 2019 to discuss staff's proposals for the additional and modified project categories, as summarized below and described further in the attached document.

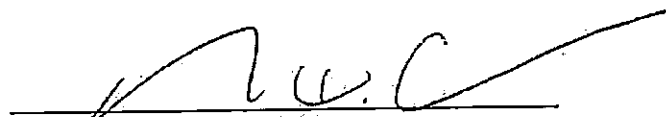
- **Modified Category for Zero-Emission Agricultural UTVs:** Under the existing program, there are not currently any opportunities to replace tractors less than 25 horsepower through FARMER. Staff is proposing to expand the eligibility criteria to allow tractors with less than 25 horsepower to be replaced with zero-

emission UTVs since tractors less than 25 horsepower typically do the job of UTVs. Staff is also proposing to require that zero-emission UTV models have a minimum 1-year manufacturer warranty to be eligible and to implement a maximum incentive limit of \$13,500 or 75 percent, whichever is less.

- **Modified Category for Heavy-Duty Agricultural Trucks:** The Heavy-Duty Agricultural Truck project category was added to the FARMER Program in September 2018 and includes opportunities to fund used, replacement trucks meeting the 2010 oxides of nitrogen (NOx) emission standard of 0.20 grams per brake horsepower-hour. Staff is proposing to modify this category to set the mileage limit for used Class 7 trucks, based on the intended service class of the engine installed.
- **Modified Category for the Off-Road Mobile Agricultural Equipment Trade-Up (Ag Trade-Up) Pilot Project:** The Ag Trade-Up Pilot Project is currently an existing project category for the San Joaquin Valley Air Pollution Control District to administer, while CARB and district staff assess the feasibility of this project category as a new incentive model. Based on feedback received, staff is proposing to modify the participant and vehicle eligibility criteria by allowing the purchase of a warranty as an eligible cost with the repairs for the reconditioned equipment, increasing the maximum hour limit on used equipment to 10,000 hours, prohibiting trade-up transactions from occurring within fleets, and increasing the minimum cost share requirement to \$2,500 for the participant receiving the reconditioned equipment.
- **Additional Category for Advanced Technology Demonstration Projects:** Some advanced technology vehicles and equipment need field demonstrations to test the vehicle or equipment's viability or determine whether it can serve the same function and perform the same work as the vehicle or equipment it would replace. Demonstrations of sustainable farming solutions that encompass advanced technology vehicles, equipment, and supporting infrastructure at a farm may also be needed. Under this new project category, districts may develop and fund demonstration projects, with CARB approval, without a requirement to scrap existing vehicles or equipment.

Richard Corey
October 21, 2019
Page 3

Upon your approval of these project categories, staff will post the attached document on the FARMER Program website and districts will be able to begin funding these additional or modified project categories immediately. If you concur with these recommendations, please sign below and return to me.



Signature of Richard W. Corey
Executive Officer

10/27/2019
Date

Attachment

cc: Erin Uchida
Staff Air Pollution Specialist
Mobile Source Control Division

Evan Powers
Air Pollution Specialist
Mobile Source Control Division

Kersey Manlicic
Air Pollution Specialist
Mobile Source Control Division

**Funding Agricultural Replacement Measures for Emission
Reductions (FARMER) Program
Modified and Additional Project Categories
October 2019**

The modified and additional project category requirements described below summarizes the original project categories requirements from the FARMER Program Guidelines approved by the Board March 22, 2018 and the September 24, 2018 memo approved by the California Air Resources Board's (CARB) Executive Officer, and includes any additional changes to those project categories.

Districts may choose to require more stringent administrative procedures in implementing their local program. The modified and additional project category criteria described below must be used for projects funded with fiscal year 2019-20 FARMER Program funds and subsequent years' funds. For projects funded using fiscal year 2017-18 and fiscal year 2018-19 funds, an air district may use either the criteria in the FARMER Program Guidelines approved by the Board March 22, 2018, the criteria in the September 24, 2018 FARMER Program memo, or the criteria below. When a district begins using the project category criteria below, it must continue to apply this criteria to all subsequently funded projects in that project category.

1. Modified Zero-Emission Agricultural Utility Terrain Vehicles (UTV) Project Category

The Zero-Emission Agricultural UTV project category was added to the FARMER Program to encourage and accelerate the use of off-road, zero-emission UTVs used in agricultural operations by providing rebates for the purchase of new zero-emission vehicles. The existing project category requires that a conventionally-fueled (e.g., gasoline or diesel) UTV is scrapped in exchange for an incentive for a zero-emission model. However, there are not currently any funding opportunities to replace internal combustion engine-powered tractors with less than 25 horsepower within the FARMER Program. Additionally, under the existing project category, there is no upper limit for the incentive amount and the replacement zero-emission UTV is required to have a manufacturer warranty, but the minimum warranty period is not specified.

Under this modified Zero-Emission Agricultural UTV project category, tractors less than 25 horsepower are eligible to be replaced with zero-emission UTVs, zero-emission UTV models must have a minimum 1-year manufacturer warranty to be eligible, and the maximum incentive amount is capped at \$13,500 or 75 percent of the eligible costs for the new, zero-emission UTV, whichever is less.

Eligible Vehicles

To be eligible for the Zero-Emission Agricultural UTV project category, the replacement UTV model must meet the following criteria:

- **New:** The vehicle must be a new vehicle, as defined in the California Vehicle Code Section 430, meaning a vehicle constructed entirely from new parts that has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory, or possession of the United States, or foreign State, province, or country.
- **Zero-Emission:** The vehicle must emit zero tailpipe emissions from its onboard source of power (such as all-electric or hydrogen fuel cell vehicles), and may not undergo any modification that would allow propulsion by any other means.
- **Vehicle Specifications and Performance Thresholds:** Eligible UTVs must have a towing capacity of 500 pounds or greater and a total vehicle weight of 700 pounds or greater.
- **Warranty Provisions:** The vehicle drivetrain, including applicable energy storage tanks or battery packs, must be covered by a manufacturer warranty for a minimum of 1 year. Prior to approving a project, CARB or the District may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service.

Maximum Eligible Funding Amounts

The FARMER Program provides up to \$13,500 or 75 percent of the eligible costs for a new, zero-emission agricultural UTV, whichever is less. If the UTV has an extended warranty option, the extended warranty may be included as an eligible cost.

Participant Requirements

To receive funding for the purchase of a new, zero-emission agricultural UTV, the vehicle purchaser is required to:

- Be an individual, business, non-profit, or government entity that can show proof of California residency or proof that the agricultural operation for which the UTV would be used occurs in California;
- Self-certify that the UTV would be used exclusively for California agricultural operations;
- Enter into a contractual agreement with the District for a minimum of 3 years;

- Keep the vehicle and meet all applicable project requirements for the duration of the contract;
- Provide the District with past maintenance records and/or service history on the UTV or tractor with less than 25 horsepower that would be replaced with a new zero-emission UTV;
- Surrender the used UTV or tractor with less than 25 horsepower, as identified in the pre-inspection, to be permanently destroyed by a District-approved dismantler;
- Not purchase, make payments toward, and/or take possession of the new UTV prior to receiving a fully executed contract from the District;
- Not make or allow any modifications to the vehicle systems, including motor and other hardware, the addition of auxiliary power sources, or changes to the software calibrations;
- Commit that any emission reductions generated by the purchased UTV will not be used as marketable emission reduction credits, to offset any emission reduction obligation of any person or entity, or to generate a compliance extension or extra credit for determining regulatory compliance;
- Be available for follow-up inspection(s), if requested by the District, CARB, or CARB's designee for the purposes of project oversight and accountability; and
- Install and maintain an operational hour meter on the new UTV and submit annual reports to the District that includes the hours of operation on the new zero-emission UTV and any other pertinent information requested by the District for the duration of the project life.
 - If during the project life, the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's expense.

Optional Zero-Emission Agricultural UTV Administrative Process

Districts also have the option to utilize the following administrative process in order to streamline implementation of this project category:

- The participant submits a completed application to their air district, using the application provided by the air district.
- Upon approval of the application package, the District issues a voucher and contracts with the participant.
- The participant purchases the new, eligible zero-emission UTV.
- The participant has the old UTV or tractor scrapped, destroyed, or otherwise rendered permanently inoperable by a District-approved dismantler. The participant must comply with all applicable scrap requirements within the FARMER Program Guidelines.

- The participant may then submit a claim to the District for payment along with the following documentation:
 - Signed voucher;
 - Signed Certificate of Destruction from the dismantler, or other documentation confirming that the old UTV was rendered permanently inoperable;
 - Invoice for the new equipment purchase from the dealership;
 - Proof of payment for the new UTV; and
 - Photo of the new UTV.
- Upon submittal and approval of the complete payment claim package, the District may then issue a payment check to the participant.

2. Modified Heavy-Duty Agricultural Truck Project Category

Heavy-duty trucks (Class 4 - 8) are eligible under the existing FARMER Program Guidelines, but because of the seasonal nature of the agricultural industry, agricultural trucks do not accrue many miles, therefore, limiting funding amounts for these trucks under traditional incentive funding mechanisms. Additionally, many specialized agricultural trucks are more expensive due to the specialized equipment they contain, further reducing the incremental funding levels they may receive through other incentive programs.

CARB staff worked with air districts, industry representatives, and other stakeholders to develop a category to support the replacement of heavy-duty trucks used in agricultural operations, including incentives for used trucks, which was added to the FARMER Program in September 2018. The modified criteria below sets the mileage limit for Class 7 trucks, based on the intended service class of the engine installed.

Eligible Vehicles

- All replacement trucks must:
 - Meet the 2010 NOx emission standards of 0.20 grams per brake horsepower-hour (g/bhp-hr) or cleaner;
 - Be purchased from a dealership – no private party transactions are permitted; and
 - Have a gross vehicle weight rating (GVWR) of 14,001 pounds or greater.
- New, replacement trucks are subject to the warranty requirements in the 2017 Carl Moyer Program Guidelines.

- Used, replacement trucks must have less than the miles indicated below on the odometer:
 - Class 8 trucks (GVWR of 33,001 pounds or greater) and Class 7 trucks (GVWR of 26,001 to 33,000 pounds) with heavy heavy-duty (HHD) engines¹ must have less than 650,000 miles;
 - Class 7 trucks (GVWR of 26,001 to 33,000 pounds) with medium heavy-duty (MHD) engines must have less than 350,000 miles; and
 - Class 4-6 trucks (GVWR of 14,001 to 26,000 pounds) must have less than 25,000 miles.

Maximum Eligible Funding Amounts

The FARMER Program provides up to 65 percent of the purchase price of an eligible replacement truck, including used trucks. Upgrades to new trucks that add to the cost of the truck may be eligible for funding upon determination of the air district. Otherwise, FARMER Program funding may only be used to fund the “base model” that will serve the same function as the older truck.

Participant Requirements

- Trucks must currently be in compliance with CARB’s Truck and Bus Regulation under one of the following provisions:
 - Agricultural Vehicle Extension;
 - Low-Use Exemption;
 - Specialty Agricultural Vehicle Extension; or
 - Engine Model Year Schedule and the truck must operate as an “agricultural vehicle” as defined in the Truck and Bus Regulation.
- Current trucks must have a gross vehicle weight rating (GVWR) of 14,001 pounds or greater.
- Participants must maintain ownership of the replacement truck for 3 years.
 - If, during the life of the contract, the participant wishes to sell the replacement truck, the administering air district must approve the truck ownership change prior to its sale. The new owner must be willing to assume program obligations with the air district and comply with the terms and conditions outlined in the FARMER Program Guidelines.
- Participants must meet all applicable requirements for heavy-duty trucks in the FARMER Program Guidelines, 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs.

¹ Engines used in heavy-duty vehicles are divided into additional service classes by GVWR. HHD engines are intended for use in vehicles greater than 33,000 pounds and MHD engines are intended for use in vehicles between 14,000 and 33,000 pounds.

Districts with board-approved Truck Trade-Up Programs may also utilize FARMER Program funding on trade-up transactions involving agricultural trucks after receiving CARB approval of the District's Truck Trade-Up Program criteria.

3. Modified Off-Road Mobile Agricultural Equipment Trade-Up (Ag Trade-Up) Pilot Project Category

The Ag Trade-Up Pilot Project is an eligible project category for the San Joaquin Valley Air Pollution Control District to administer. The Ag Trade-Up Pilot Project provides CARB an opportunity to continue evaluating the feasibility of a new incentive model, intended for owners of high-emitting, off-road mobile agricultural equipment that are not well served by existing incentive programs. Owners of small and mid-sized farms may not have accessed incentive funds in the past due to low equipment usage or the inability to purchase new equipment, even with assistance from other incentive programs. This project category provides an excellent opportunity for these farmers to affordably upgrade their older mobile agricultural equipment.

The trade-up concept is a two-step transaction in which the owner of uncontrolled (Tier 0) or Tier 1 equipment to scrap that equipment in exchange for a previously used and reconditioned piece of cleaner diesel equipment (Tier 2 or Tier 3), at little out-of-pocket cost. The used equipment comes from another owner who relinquishes the equipment in exchange for an incentive to purchase new agricultural equipment with the cleanest engine technology available (Tier 4 Interim or Tier 4 Final).

The San Joaquin Valley Air Pollution Control District has been administering this pilot project since June 2016 and is working with CARB to assess this new incentive model in a San Joaquin Valley-wide scale. Based on recommendations from the San Joaquin Valley Air Pollution Control District, industry representatives, and other stakeholders, staff developed the modified criteria below.

Under the modified Trade-Up criteria, the purchase of a warranty may be included as an eligible cost with the repairs, the maximum hour limit on the used equipment is increased to expand potential equipment eligibility, trade-up transactions are prohibited from occurring within a fleet, and the minimum cost-share requirement is increased from \$850 to \$2,500 for the participant receiving the used, reconditioned equipment.

Other districts may also implement this project category upon CARB approval of their policy and procedures manual for this category.

Eligible Vehicles

- The new Tier 4 equipment purchased in part with incentive funding must:
 - Be Tier 4 mobile, self-propelled off-road agricultural equipment with a diesel-powered engine greater than or equal to 25 horsepower.
 - The certification emission standard and/or Tier designation for the engine must be determined from the CARB Executive Order issued for that engine.
 - Not have been previously owned and be designated as new by the dealer at the time of purchase. Used equipment are not eligible for funding as replacement equipment.
 - Equipment that served as rentals, were previously leased, or were floor/demonstration models may be eligible on a case-by-case basis determined by the District staff prior to funding. Documentation from the dealer may be required.
 - Have an operating hour meter to record annual usage in hours.

- The Tier 2/Tier 3 equipment to be reconditioned for trade-up must:
 - Be Tier 2 or Tier 3 mobile, self-propelled off-road agricultural equipment with a diesel-powered engine greater than or equal to 25 horsepower.
 - Have less than 10,000 hours on the hour meter.
 - Include maintenance records kept by the owner to ensure the equipment is operable and able to be used for the duration of the project life, as stated in the contract.
 - Be in good operating condition, meet Occupational Safety and Health Administration (OSHA) requirements, and pass the eligibility evaluation conducted by the District or its subcontractor.
 - Not be part of the same fleet as the high-emitting equipment.

- The old, high-emitting equipment to be scrapped must:
 - Be uncontrolled (Tier 0) or Tier 1 mobile, self-propelled off-road agricultural equipment with a diesel-powered engine greater than or equal to 25 horsepower.
 - Have been owned and operated in California for the previous 2 years and must currently be in operating condition.
 - Operating condition will be verified through an inspection process conducted by District staff or its subcontractor.
 - If selected for funding, the beneficiary may be required to submit documentation demonstrating that the Tier 0 or Tier 1 equipment has been in operational condition for the previous year.
 - Not be part of the same fleet as the Tier 2 or 3 equipment to be reconditioned.

Maximum Eligible Funding Amounts

The FARMER Program provides:

- Up to 80 percent of the cost of the new Tier 4 replacement equipment;
- Up to \$6,000 for warranty and repairs for Tier 2 or Tier 3 equipment; and
- Up to \$1,500 for transportation and assessment of the Tier 2 or Tier 3 equipment.

Participants must provide:

- At least 20 percent of the cost of the Tier 4 replacement equipment and cash or financed loans may be used to fulfill this match requirement.
- \$2,500 for warranty and repair costs for the reconditioned Tier 2 or Tier 3 equipment, based on the maximum allowable warranty and repair cost of \$8,500.
 - If warranty and repair costs exceed \$8,500, participants are responsible for covering any additional repair costs.

Participant Requirements

Participants receiving the Tier 4 replacement equipment must:

- Enter into a contractual agreement with the District;
- Provide the District with past maintenance records and/or service history on the Tier 2 or Tier 3 equipment;
- Not purchase, make payments toward, and/or take possession of the new equipment prior to receiving a fully executed contract from the District;
- Agree to a project life (time period in which the applicant is required to own, operate, and maintain the equipment) of no less than 10 years from the date in which the new equipment is received;
- Remain the owner of the new equipment throughout the full term of the agreement;
- Maintain the replacement equipment in accordance with manufacturer specifications;
- Maintain replacement value insurance for the replacement equipment through the full term of the agreement;
- Operate 100% of the replacement equipment's annual hours within the District boundaries;
- Purchase a minimum of a one-year or a 1,600-hour power and drivetrain warranty for the replacement equipment. The warranty must cover parts and labor; and
- Install and maintain an operational hour meter on the new equipment.
 - If, during the project life, the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's expense.

Participants receiving the reconditioned Tier 2 or Tier 3 equipment must:

- Enter into a contractual agreement with the District;
- Not take possession of the Tier 2 or Tier 3 equipment prior to receiving a fully executed contract from the District;
- Agree to a project life of no less than 3 years and up to 10 years from the date in which the Tier 2 or Tier 3 equipment is received;
- Remain the owner of the reconditioned equipment throughout the full term of the agreement;
- Maintain the Tier 2 or Tier 3 equipment in accordance with manufacturer specifications;
- Maintain replacement value insurance for the Tier 2 or Tier 3 equipment through the full term of the agreement;
- Operate 100% of the Tier 2 or Tier 3 equipment's annual hours within the District boundaries;
- Surrender the Tier 0 or Tier 1 equipment, as identified in the pre-inspection, to the District's subcontractor to be permanently destroyed by a District-approved dismantler;
- Agree to not receive money for the scrap value of the Tier 0 or Tier 1 equipment;
- Submit annual reports to the District that includes information on the Tier 2 or Tier 3 equipment's hours of operation, maintenance, and any other pertinent information requested by the District on a form provided by the District for the duration of the project life; and
- Release the previous owner of the Tier 2 or Tier 3 equipment and the District of any and all liability that could foreseeably arise as a result of the agreement.

In addition to the requirements described above, projects funded under the Off-Road Mobile Agricultural Equipment Trade-Up Pilot Project must meet all reporting and recordkeeping requirements described in the FARMER Program Guidelines, the 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs.

4. New Advanced Technology Demonstration Project Category

Advanced technology vehicles and equipment used in agricultural operations are currently eligible for FARMER Program funding on a case-by-case basis under the Carl Moyer Program-eligible project category when an existing vehicle or equipment is scrapped in exchange. However, some advanced technology vehicles and equipment need additional field demonstrations to test the vehicle or equipment's viability or determine whether it can serve the same function and perform the same work as the vehicle or equipment it would replace.

Demonstrations of sustainable farming solutions that encompass advanced technology vehicles, equipment, and supporting infrastructure at a farm may also be needed. Under this new project category, districts may develop and fund demonstration projects, with CARB approval, without a requirement to scrap existing vehicles or equipment.

Guiding Principles

- Eligible projects must reduce greenhouse gas and criteria pollutant emissions and emission reductions must be quantified.
- Eligible advanced technologies must be used in agricultural operations.
- Projects must include a data collection component.
- Projects must meet all applicable statutory requirements.
- Districts must develop a competitive solicitation through a public process and receive CARB approval to begin soliciting for projects.
- Selected demonstration projects must be approved by CARB before receiving funding.

Appendix 10

OFF-ROAD EQUIPMENT VIP GUIDELINES



Voucher Incentive Program

REDEEM AND CLEAN!

**MOYER PROGRAM FOR
OFF-ROAD DIESEL EQUIPMENT**

REVISED AND APPROVED: APRIL 27, 2017

California Environmental Protection Agency

 **Air Resources Board**

CARL MOYER MEMORIAL AIR QUALITY STANDARDS ATTAINMENT PROGRAM

VOUCHER INCENTIVE PROGRAM GUIDELINES FOR OFF-ROAD DIESEL EQUIPMENT

These guidelines describe the minimum criteria and requirements for the Carl Moyer Memorial Air Quality Standards Attainment Program's (Moyer Program) Off-Road Voucher Incentive Program (ORVIP). The ORVIP provides a streamlined approach to reduce emissions by replacing existing, high-polluting equipment with newer, lower-emission equipment. The ORVIP provides real emission benefits by retiring the high-polluting equipment earlier than would have been expected through normal attrition or by regulation. Moyer Program funds for voucher projects are used to offset part of the cost of the replacement equipment.

Air pollution control and air quality management districts (air districts) shall utilize these guidelines as a stand-alone document and need not refer to the current Moyer Program guidelines in implementing this program. Air districts must follow all ORVIP guidelines in order to offer vouchers as a funding option. Air districts do not have the discretion to set more stringent requirements based upon local priorities. These guidelines provide implementation documents in the appendices section that must be used for funding voucher projects and may not be modified (unless otherwise noted).

A. Projects Eligible for Funding

The following ORVIP projects are eligible for funding:

New Replacement Equipment Purchase: The purchase of new equipment to replace the existing equipment that is to be scrapped. The new equipment must have an engine that meets the current California emission standards (Tier) or the current United States Environmental Protection Agency (U.S. EPA) emission standards (Tier) if it is a federally preempted engine.

B. Project Funding Amounts

The maximum total project funding amounts associated with reducing the eligible costs of an ORVIP project are pre-determined and shown in Appendix O. If there is a discrepancy between the engine horsepower of the existing and replacement equipment, then the lower horsepower should be used to determine the voucher funding amount.

C. Program Requirements

1. General Program Criteria

- (A) *Eligible Equipment.* Agricultural tractors with uncontrolled off-road compression ignition engines that are greater than or equal to 25

horsepower and less than 175 horsepower and are not currently regulated by an Air Resources Board (ARB) in-use regulation.

- (B) The following equipment are not eligible for funding:
- (1) Equipment subject to the performance requirements of the In-Use Off-Road Diesel-Fueled Fleets Regulation (Off-Road Regulation), California Code of Regulations, title 13, section 2249 et seq.;
 - a. Equipment subject to the Regulation for Mobile Cargo Handling Equipment at Ports and Intermodal Rail Yards, California Code of Regulations, title 13, section 2479;
 - b. Equipment subject to the Large Spark-Ignition Engine Fleet Requirements, California Code of Regulations, title 13, section 2775, et seq.
- (C) *Emission Reduction Technologies:* Emission reduction technologies must be certified or verified by ARB. New federally preempted engines must be certified by the U.S. EPA and must comply with durability and warranty requirements. For the purposes of the ORVIP, a technology granted a conditional certification or verification by ARB is considered certified or verified.
- (D) *Equipment Leasing is Not Allowed:* If financing is necessary, the equipment purchase must be financed with a conventional purchase loan.
- (E) *Obtaining Financing:* The participant may obtain public and/or private financing to assist in the purchase of replacement equipment, but cannot seek additional public funded grants, except as allowed in C.2(A)(6).
- (F) Emission reductions obtained through ORVIP projects must not be required by any federal, State or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement, or other legally binding document.
- (G) No emission reductions generated by the ORVIP shall be used as marketable emission reduction credits or to offset any emission reduction obligation of any person or entity.
- (H) No project funded by the ORVIP shall be used for credit under any federal or State emission averaging banking and trading program.
- (I) Engines operating under a regulatory compliance extension granted by ARB, an air district, or the U.S. EPA are not eligible for funding.
- (J) Projects funded by the ORVIP may not be used to generate a compliance extension or extra credit for determining regulatory compliance.

2. Participant Requirements. All participants must meet the following requirements to be eligible for funding:

- (A) *Ownership Requirements:* The participant must currently own and operate the existing equipment. The participant must be able to provide two items from the following documentation list for the equipment:
- (1) Bill of sale for the existing equipment
 - (2) Copy of Diesel Off-road On-line Reporting System (DOORS) registration
 - (3) Tax depreciation logs
 - (4) Property tax records
 - (5) Equipment insurance records
 - (6) Bank appraisals for equipment
 - (7) Maintenance/service records
 - (8) General ledgers
- (B) *Prior Minimum Usage Requirement:* The existing equipment must have met the annual usage requirements in Appendix O during each 12 months for the previous 24 months. Participants must submit documentation verifying usage for the previous 24 months for the existing equipment. Participants may submit documentation verifying usage for up to the previous 60 consecutive months for the existing equipment.
- (C) *Documentation of Usage:* The participant must be able to provide the following in order to document equipment usage:
- (1) Hour meter reading log collected a minimum of once per year from an installed and fully functioning hour meter; or
 - (2) At least two items from the following list proving existing equipment is being used by the fleet and indicating annual hours of use:
 - a. Revenue and usage records that identify operational, standby, and down hours for the equipment;
 - b. Employee timesheets linked to specific equipment use;
 - c. Preventative maintenance records tied to specific hours of equipment use; or
 - d. Repair work orders specific to the equipment.

- (D) *Operation in California:* The existing equipment must have operated at least 75 percent of the time in California during each 12 month period for the previous 24 months. Applicant certifies this on the application.
- (E) *Applying for Funding in a Participating Air District:* Applicants may only apply to one participating air district at a time per piece of equipment.
- (F) *Additional Funding:* If an applicant receives ORVIP funding for replacing a piece of equipment, an applicant cannot receive additional funding for replacement of that same piece of equipment. However, Moyer Program funding for the addition of a retrofit for the ORVIP funded replacement equipment may be available through the air district.
- (G) *Application Package:* To be approved for ORVIP funds, the applicant must meet ORVIP Guideline requirements, submit an application, and submit all of the documentation listed in the Application Package (Appendix A).
- (H) *Specified Participating Dealership:* The participant must specify the participating dealership used for the purchase of the replacement equipment. If the application is approved, the participant must purchase the replacement equipment from the specified dealership. If the participant chooses to change dealerships, the participant must submit a new ORVIP application to the air district.
- (I) *Voucher Redemption Deadline:* The dealer and owner must agree on a date in which the replacement equipment will be delivered. The voucher will be redeemable within 30 calendar days of issuance or by the delivery date agreed upon by the dealer and owner, whichever is later. If the owner is unable to purchase the replacement equipment after a voucher has been issued, the owner must notify the dealer and the air district immediately so that funds can be reallocated.
- (J) *Two-for-One Option:* Owners may replace two existing equipment with one replacement equipment as long as all ORVIP requirements are met. The two existing equipment must have cumulatively met the annual usage requirements in Appendix O. If the two existing equipment have different engine model years, then the newest engine model year shall be used to determine the funding amount. The horsepower rating for the replacement equipment engine must not be greater than 125 percent of the original manufacturer rated horsepower (baseline horsepower) for the lowest horsepower of the existing equipment engine. Participants who utilize this option must submit a complete application for each piece of existing equipment. The applicant should specify on each application that the applicant is choosing this option by checking the Two-for-One Option box.

- (K) The owner must agree to the following terms after being approved for a replacement voucher:
- (1) If the existing equipment is subject to the reporting and labeling requirements of the Off-Road Regulation, then the applicant must include proof of equipment registration in DOORS.
 - (2) Own and operate the replacement equipment at least 75 percent of the time within California for the term specified on the Receipt of Replacement Voucher (Appendix G).
 - (3) Notify the air district if there is any change of ownership within 36 months of the date of purchase.
 - (4) Return annual usage surveys as requested by the air district.
 - (5) Do not make any modifications to the emission control system on the replacement equipment engine.
 - (6) Be available for a follow up inspection, if requested by the air district or ARB.
 - (7) Repay the voucher funding amount if the owner does not follow one or more terms as specified in the Application (Appendix A) or Receipt of Replacement Voucher (Appendix G). ARB and/or the air district will specify repayment terms.

3. Existing Equipment Requirements. All existing equipment must meet the following conditions before an ORVIP application will be approved and awarded a voucher.

- (A) *Eligible Existing Engine:* The existing engine must be uncontrolled. Verification must be submitted in the application package. Verification can include a picture of the model year on the engine plate/tag or written documentation from the manufacturer or participating dealer that matches the engine serial number to a particular model year.
- (B) *Diesel-Fueled Equipment:* The existing equipment must currently operate on diesel fuel.
- (C) *DOORS Registration:* The existing equipment must be registered in DOORS if it is subject to the reporting and labeling requirements of the Off-Road Regulation. A copy of the DOORS fleet summary sheet that shows the fleet size, DOORS ID of the fleet, and the equipment's identification number (EIN) must be submitted with the application package.

- (D) *Operational Condition Verification:* The existing equipment must be in operational condition to qualify for funding. Operating condition must be determined through an inspection by a participating dealership prior to submitting the application or by air district staff upon request. Operational equipment must be able to start, move in all directions, and have all necessary parts be operational.
- (E) *Engine Verification:* If the existing equipment engine plate/tag is missing, then verification of the engine information can be done with the engine serial number. The participant will be required to provide verification of the engine make, model, model year, engine serial number, and horsepower from the manufacturer. Verification can include a letter or a printout from an engine manufacturer or participating dealer. Engines without a visible and legible serial number must be uniquely identified by having the engine block stamped with an identification number or alternative permanent marking, such as an engine tag.
- (F) For existing equipment in which the actual engine horsepower cannot be determined based on the engine plate/tag, manual, and engine records, then the engine horsepower can be estimated by the following formula:

$$\text{Engine Horsepower} = \text{Power Take Off (PTO) horsepower} \times 120\%$$
- (G) *Existing Equipment Components:* Incentive funding can only be used to purchase the new equipment and to pay for items essential to the operation of the equipment.
- (H) *Operation of Existing Equipment After Voucher Approval:* If the existing equipment is in an accident or has an engine failure AFTER receiving approval for a voucher from the air district but prior to replacement, then the existing equipment will still be eligible for receiving funds from the program as long as all other ORVIP requirements have been met.
- (I) *Delivering the Existing Equipment to the Dealer Prior to Taking Ownership of the Replacement Equipment:* The participant must deliver the existing equipment in similar condition as it was in the pre-inspection. The air district or dealer can reject the condition of the existing equipment if it is deemed not operational or if parts were stripped from the existing equipment. Reimbursement of the voucher will be withheld until the dealer or air district approves the condition of the existing equipment.

4. Replacement Equipment Requirements. All replacement equipment must meet the following requirements before funding is awarded to the participant:

- (A) *Purchased from a Participating Dealership:* The replacement equipment must be purchased from an air district approved participating dealership
- (B) The replacement equipment must be an agricultural tractor with an engine greater than or equal to 25 horsepower and less than 175 horsepower.

The horsepower rating for the replacement equipment engine must not be greater than 125 percent of the original manufacturer rated horsepower (baseline horsepower) for the existing equipment engine.

- (C) *Engine Emission Standards:* The replacement equipment must have an engine that meets the current California emission standards (Tier) or the current U.S. EPA emission standards (Tier) if it is a federally preempted engine. An ARB Executive Order or an U.S. EPA Certificate of Conformity certifying the engine meets this requirement must be included with the application package.
- (1) Engines participating in the averaging, banking, and trading program that are certified to family emission limits (FEL) higher than the Tier 4 emission standards, as designated on the ARB Executive Order, are eligible to participate in the ORVIP. The funding levels associated with Tier 3 must be used when determining allowable funding for these engines.
 - (2) Engines participating in the averaging, banking, and trading program that are certified to a FEL below the applicable emission standards are eligible to participate in the ORVIP. The funding levels associated with the applicable interim Tier 4 (interim Tier 4, Tier 4 Phase-Out, Tier 4 Phase-in/Alternate NOx) or Tier 4 Final emission standards, per the Executive Order, must be used when determining allowable funding for these engines.
 - (3) Engines that are participating in the "Tier 4 Early Introduction Incentive for Engine Manufacturers" program, as detailed in California Code of Regulations, title 13, section 2423(b)(6), are eligible for ORVIP funding provided they are certified to the final Tier 4 emission standards. The ARB executive order for these engines indicates that the engines are certified under this provision. The incentive shall be the amount associated with replacing equipment with an engine certified to the Tier 3 emission standards as listed in Appendix O.
 - (4) Interim Tier 4 engines between 75 and 175 horsepower, certified to the Phase-In, Phase-Out, and Alternate Oxides of Nitrogen (Alt NOx) standards as detailed in California Code of Regulations, title 13, section 2423(b)(1)(B), are eligible for funding. The incentive shall be the amount associated with replacing equipment with an engine certified to the Tier 4 Phase-In, Tier 4 Phase-Out or Tier 4 Alt NOx standards as listed in Appendix O.
 - (5) Equipment manufactured under the "Flexibility Provisions for Equipment Manufacturers", as described in California Code of Regulations, title 13, section 2423(d), are eligible for Moyer

Program funding as replacement equipment, provided the engine is certified at or below the Tier 3 emission standards. Eligible equipment produced under the "Flexibility Provisions for Equipment Manufacturers" whose engine family is certified to a FEL are also subject to the provisions of Section C.4.(C)(1). Equipment manufactured under the flexibility provisions with an engine whose engine family meets a standard, Tier or FEL less stringent than Tier 3 are ineligible for funding.

- (6) The certification emission standards and/or Tier designation for the engine must be determined from the Executive Order or U.S. EPA Certificate of Conformity (for federally preempted engines) issued for that engine. ARB Executive Orders for off-road engines may be found at <http://www.arb.ca.gov/msprog/offroad/cert/cert.php>.
- (D) *Warranty Requirements:* Purchasers of new compression-ignition equipment must purchase a minimum of a one-year or 1,600-hour power and drive train warranty for the replacement equipment. The warranty must cover parts and labor. Warranty documentation must be provided to the air district. Warranty costs are not eligible for funding. If the purchase of new replacement equipment already includes a minimum one year or 1,600-hour warranty, as specified above, a separate supplemental warranty is not required. However, it is recommended that the highest-grade warranty be purchased in order to avoid expensive repairs in the future. No Moyer Program funds will be issued for maintenance or repairs related to the operation of the equipment. The participant takes sole responsibility for ensuring that the equipment is in operational condition.
- (E) *Engine and Emission Control Modifications:* Emission controls on the replacement equipment engine cannot be modified in any manner. Unauthorized modification to engine performance (including changes in horsepower), emission characteristics, engine emission components (not including repairs with like-original equipment manufacturers replacement parts), or any other modifications to the engine's emission control function is not allowed.

5. Air District Requirements. Air districts that decide to implement the ORVIP must follow the ORVIP Guidelines. Air districts must implement the program under the following requirements:

- (A) The ORVIP Guidelines and attachments provide all requirements for the program, therefore air districts, dealers, or grantees are not required to refer back to the 2017 Moyer Program Guidelines for Moyer Program funded ORVIP projects.

- (B) Each air district must have a resolution of the air district Governing Board that commits the air district to comply with all ORVIP requirements. If an air district has been given prior authority to adopt a program like the ORVIP, the air district must have the ability to comply with all ORVIP requirements.
- (C) Air districts may not put additional limitations on project criteria or make changes to the ORVIP Guidelines.
- (D) An air district may request Moyer Program funds if the air district chooses to use those funds to implement the ORVIP as these funds become available. In order for an air district to be approved for a funding request to implement the ORVIP, the air district must provide verification of board approval to implement the ORVIP, a copy of at least one active dealer agreement, and a copy of at least one active dismantler agreement (as mentioned in C.5.(I)).
- (E) Air districts must reject all ORVIP applications if funds are not currently available. Air districts cannot create a list of ORVIP projects to receive funding in a future date.
- (F) Air districts must create an addendum to their current Moyer Program Policies and Procedures using the air district's ORVIP and Procedures (Appendix B) within two months after they begin implementation of the ORVIP. Air districts are not required to submit this addendum to ARB, but it must be available upon request.
- (G) Air districts must use the program documents provided in the appendices. The documents may only be modified to include air district logos and air district contact information. The documents will be provided electronically to the participating air districts.
- (H) Air districts must work to contract with equipment dealerships located in their air district before contracting with dealerships located outside of their air district. Air districts that do not have dealerships within their air district can proceed directly to contract with dealerships located outside of their air basin. Air districts can contract with dismantlers located within or outside of their air district.
- (I) Air districts must contract with equipment dealerships and dismantler yards. Dealership and dismantler agreements must contain the language provided in Appendices C and D, respectively. If a dealership has multiple locations, then the air district either needs to have one agreement for each location or list each location in one agreement. The process for selection of dealerships and dismantler yards must be specified by the air district in the air district's ORVIP Policies and Procedures.

- (J) Air districts must ensure participating dealerships and dismantlers meet all ORVIP requirements. Air districts must receive all requested documents from the dealership or dismantler prior to signing an agreement. Air districts must maintain records that verify their participating dealerships and dismantlers meet the ORVIP requirements.
- (K) Air districts must provide participating dealership and dismantler contact information to ARB within ten business days of entering into agreement.
- (L) Air districts must ensure at least one representative from each participating dealership is trained on the terms, conditions, and requirements of the ORVIP. Air districts must describe how this will be accomplished in the air district's ORVIP Policies and Procedures.
- (M) Air districts must work in coordination with ARB in outreach efforts to increase participation of equipment owners, dealerships, and dismantler yards. Air districts must specify outreach efforts in the air district's ORVIP Policies and Procedures.
- (N) Air districts must provide all applicants and dealerships with application packages, inspection forms, and any other applicable ORVIP materials.
- (O) Districts may utilize the internet to securely receive applications, supporting documentation, , and other voucher forms. However, the original Receipt of Replacement Voucher (Appendix G) that includes the applicant's original signature must be received by the district. Digital signatures may be used in lieu of original signatures only if they comply with California Government Code section 16.5, and California Code of Regulations, title 2, sections 22000-22005. Scanned or faxed signatures are not acceptable for the Receipt of Replacement Voucher. Air districts are responsible for ensuring that their electronic versions of the program documents meet all program requirements. The electronic ORVIP forms must contain the same information and applicant fields as the equivalent forms in the appendices but may also include the air district's logo and other designs unique to the air district's webpage. For clarity and to aid program review and enforcement efforts, air districts should make every reasonable effort to make the electronic forms look as similar as possible to the forms contained in the appendices. Air districts are also responsible for ensuring their websites and electronic forms meet the minimum security requirements and current standards.
- (P) Air districts cannot restrict where participating dealers can send completed applications.
- (Q) Air districts must review and approve applications on a first-come, first-served basis, based on the date of receipt of the application by the air district.

- (R) Air districts must approve or reject applications within 15 business days of receipt.
- (S) Air districts must review an application package and approve a project once all program requirements have been met. To facilitate the review of the application package, the air district must confirm that all requirements on the Air District Review Checklist: Initial Review (Appendix E) have been met. The following application form fields in Table 1 are mandatory and must be filled in completely before the application may be approved:

**Table 1
Mandatory Application Form Fields**

<p>Applicant Information:</p> <ul style="list-style-type: none"> • Owner Name • Mailing Address (including City, State, Zip) • Physical Address (if different from mailing) • Owner Phone • DOORS ID of fleet (if applicable) 	<p>Third Party Information:</p> <ul style="list-style-type: none"> • Third-Party Name • Mailing address (including City, State, Zip) • Physical Address (if different from mailing) • Phone • Third Party Signature & Date (only required if a paid party other than the dealership completes the application)
<p>Existing Equipment and Engine Information:</p> <ul style="list-style-type: none"> • Equipment Make • Equipment Model • Equipment Model Year • DOORS EIN (if applicable) • Equipment Serial Number • Equipment Operational • Engine Make • Engine Model • Engine Model Year • Engine Serial Number / Engine Block Stamp or Alternative Tag (if engine serial number is not available) • Engine Operational • Fuel Used 	<p>Replacement Equipment and Engine Information:</p> <ul style="list-style-type: none"> • Equipment Make • Equipment Model • Equipment Model Year • DOORS EIN (if applicable) • Engine Make • Engine Model • Engine Model Year • Engine Family Number • Engine Operational • Fuel Used • ARB Executive Order Number or U.S. EPA Certificate of Conformity Number
<p>Dealership Information: All fields must be filled out or a business card must be attached</p>	<p>Applicant Recitals: Owner must sign and date application</p>
<p>Inspection Forms: all applicable forms must be filled in based on the information required above for the existing and replacement equipment.</p>	

- (T) Air district staff must conduct dismantler inspections. For all other inspections listed below, air districts have the option of conducting inspections or having the dealership conduct the inspections. If the air district decides to conduct the inspections, the inspections must be scheduled and completed within the following timeframes:
- (1) Pre-inspection of the existing equipment must be completed within five business days of the receipt of the application or request by the applicant or dealership.
 - (2) Post-inspection of the replacement equipment must be completed within three business days of being notified by the dealership.
 - (3) Pre-dismantle inspection of the existing equipment must be completed within three business days of being notified by the dealership. The pre-dismantle inspection is to verify the existing equipment is in similar operating condition as in the pre-inspection. If the existing equipment has been stripped of major parts or accessories, the air district may withhold payment until the existing equipment is restored to its previous state.
- (U) For approved projects, the air district must provide an Approved Voucher Package to the dealership, as applicable. Documents may be provided electronically. An Approved Voucher Package includes the following documents:
- (1) Replacement Voucher (Appendix F);
 - (2) Receipt of Replacement Voucher (Appendix G);
 - (3) Dealer Reimbursement Invoice (for immediate signature and return to the air district – Appendix H);
 - (4) Post-Inspection (replacement equipment) and Pre-Dismantle (existing equipment) Inspection Forms (Appendix I); and
 - (5) Dealer Reimbursement Package Checklist (Appendix J).
- (V) If a submitted application is incomplete, illegible, or has any unclear or missing documentation, the air district must reject the application immediately and return it to the applicant.
- (W) *Rejected Projects:* Air districts must mail or email an application rejection letter and the application package to the applicant if their application has been rejected. This letter must be issued by the end of the 15 business day review period. The air district must state the reason(s) for the rejection on the rejection letter. The air district must also notify the dealer

by mailing or emailing a copy of the rejection letter. A template of the rejection letter is in Appendix K.

- (X) *Payment Goal:* A goal of the program is to ensure payment can occur when the existing equipment is turned into the dealership and the replacement equipment is ready for purchase. The air district shall work towards achieving this goal and should notify the dealership of any delays in issuing payment.
- (Y) *Project Payment Options:* In order to achieve the payment goal, air districts have two project payment options. The first option is to immediately begin the disbursement process for the approved voucher project after receiving a signed Reimbursement Invoice (Appendix H). Payment must not be distributed until an air district-approved Reimbursement Package has been submitted by the dealership. The second option is to begin the disbursement process and issue payment within ten business days of receipt of a completed reimbursement package. Air districts must include in the air district's ORVIP Policies and Procedures the option that is implemented.
- (Z) *Air District Payment Checklist:* Air districts should use the Air District Payment Review Checklist (Appendix L) to help review if a complete reimbursement package has been submitted and payment can be issued. Air districts must keep a copy of the check with all project documents.
- (AA) If the process of payment is delayed, the air district must notify the dealership by phone or email at the earliest possible time of such delay.
- (BB) If the reimbursement package is not complete, the air district will mail or email a reimbursement package rejection letter explaining the discrepancy to the dealership (Appendix M) and keep a copy of this letter.
- (CC) Air districts must enter all project data information into the CARL database within five business days of approving an application for a voucher. Payment information should be submitted within 15 business days after payment is issued.
- (DD) Air districts must conduct the dismantle inspection of the existing equipment at the dismantler within 60 calendar days of being notified the existing equipment has been delivered to the dismantler yard. Inspection forms are in Appendix I. The dismantle inspection should include verification that the engine is destroyed and the equipment structural components are completely severed.
- (EE) Air districts must mail out annual usage survey reports to participants (Appendix N) for three years after the project has been funded. The air district must also input data from the returned surveys into CARL. ARB will ensure all other participant voucher requirements are met.

- (FF) *Records Retention:* Air districts must retain all records of approved voucher projects for a minimum of seven years from the date of issuing the voucher. For rejected projects, air districts must maintain a copy of the application, the rejection letter, and method of notification for seven years from the date the application was received.
- (GG) *Audit and Monitoring:* Air districts must allow ARB to monitor their voucher program, which includes Incentive Program Review of the air district's implementation of the program. Most ARB ORVIP reviews will occur during a regular Moyer Program Incentive Program Review; however ARB may request project information on an as needed basis.
- (HH) *Audit of Participating Dealers:* Air districts that conduct 100 percent of the ORVIP inspections are not required to audit dealerships. Air districts that do not conduct 100 percent of required inspections themselves must audit five percent of each type of inspection (pre, post, and pre-dismantle). Audits should be done randomly and occur throughout the implementation timeline of the air district. Table 2 includes the audit requirements for the air districts to follow.

**Table 2
Air District Audit Requirements**

Type of Audit Inspection	Purpose(s)	Timing of Audit Inspection
Pre-inspection	<ul style="list-style-type: none"> • Verify existing equipment is in operational condition • Verify existing equipment application information 	After application is submitted to air district but prior to approving the application.
Post-inspection	<ul style="list-style-type: none"> • Verify replacement equipment meets emission standards; or • Verify application information 	After replacement equipment is delivered and prior to payment being issued
Pre-dismantle inspection	<ul style="list-style-type: none"> • Verify existing equipment is in operational condition and has not been stripped of parts • Verify existing equipment application information 	After existing equipment is delivered to dealership and payment is issued. Existing equipment is at dealership location

- (II) *Meeting Environmental Justice Requirements:* Air districts with environmental justice (EJ) requirements shall not apply the requirements to ORVIP application review. After each year of implementation, the air district may review each funded project to determine if it helps to meet air

district EJ requirements. If those requirements have not been met, other Moyer Program funded projects will need to be used to fulfill the EJ requirement.

6. Dealership Requirements

- (A) Dealership participation is an important component of the ORVIP. Dealers are responsible for providing participants with assistance in the application process. This includes ensuring compliance with all program requirements. Participating equipment dealers are required to do the following:
- (1) Enter into an agreement with at least one air district in order to be a participating dealer in the ORVIP. Dealerships may choose to enter into agreements with more than one air district. Template language that will be included in this agreement can be found in Appendix C; the air district will provide the dealer with exact language.
 - (2) Warrant that it meets the following minimum qualifications, and will continue to meet these qualifications throughout its participation in the Program:
 - a. Dealership has had a valid business license issued in California for a minimum of the last two years.
 - b. Dealership maintains a minimum of one employee that has successfully completed the training by the air district regarding the terms, conditions and requirements of the Program. If a participating dealership maintains more than one location for equipment sales, then each location must have at least one employee trained on the ORVIP.
 - c. Dealership agrees to allow the air district or ARB to inspect equipment or audit program records covered under this Agreement during normal business hours.
 - (3) Provide accurate information about the ORVIP to applicants.
 - (4) Help the participants complete the ORVIP application package. It is important to make sure that all information is filled out correctly and that the participant understands the ORVIP requirements.
 - (5) Show the voucher amount on the replacement equipment invoice. The voucher does not reduce the purchase price of the equipment, but is an incentive to the equipment owner that will result in a lower price paid by the participant. The receipt of voucher funds does not

lower the base price of the equipment nor does it reduce the tax basis of the equipment.

- (6) Submit the completed application package to the air district. ARB recommends that dealers submit applications to the air district closest to an applicant's physical address. Incomplete application packages will be rejected and returned to the applicant. The dealer will also be notified of the reasons for rejection (Appendix K).
 - (7) Ensure the existing equipment is delivered to the dealership prior to releasing the replacement equipment.
 - (8) Ensure the existing equipment is in similar condition as found in the pre-inspection. The dealer should reject the condition of the existing equipment if it is deemed not operational or if parts were stripped from the existing equipment. Reimbursement of the voucher will be withheld until the dealer (or air district) approves of the condition of the existing equipment and is delivered to the dealership.
 - (9) Ensure the existing equipment is sent to a participating dismantler yard for destruction within 60 calendar days of owner delivery to the dealership. Immediately notify the air district of the location and date of delivery of the existing equipment to the dismantler.
- (B) *Application Package:* To ensure that an application package is complete, the dealer must ensure that all the following items are complete and included in the participant's submission to the air district. An applicant checklist is available for participants and dealerships to use (Appendix A). The following must be completed before a voucher will be issued:
- (1) Submit a signed and complete application;
 - (2) Submit all other applicant-required documentation as listed in these guidelines and on the application checklist;
 - (3) If required by the air district, inspect and provide documentation showing that the existing equipment is operational. The air district may decide to conduct the inspections and will notify the dealership of this; and
 - (4) Submit digital photographs of the existing equipment to the air district. The air district will specify the required format of digital photos as listed on the inspection form in Appendix C. Before submitting photographs to the air district, dealers must verify that photographs are clear with a minimum capture resolution of 640X480. Dealers can submit photos of more than one equipment inspection on a disk or other media as long as the pictures are

clearly labeled. All DOORS EIN (if applicable) and engine serial numbers (or alternative engine stamp or tag) must be legible.

- (C) *Dealer Reimbursement Package*: Prior to receiving reimbursement, the dealer must submit a reimbursement package to the air district. A checklist is available for the dealers (Appendix J). Parts not requiring an original signature may be provided electronically if allowed by the district. The following documents should be included in the reimbursement package:
- (1) Reimbursement Invoice (Appendix H) should be signed and returned to the air district upon receipt;
 - (2) Final dealership invoice signed by the applicant that shows the final purchase price less the voucher award;
 - (3) Original Receipt of Replacement Voucher (Appendix G) signed by the participant (original signature required);
 - (4) The original Replacement Voucher (Appendix F);
 - (5) Copy of finance documentation (if applicable);
 - (6) Copy of replacement equipment warranty;
 - (7) Inspection forms and pictures of the existing equipment after it is turned in to the dealership as specified in Appendix I;
 - (8) Inspection forms and pictures of the replacement equipment as specified in Appendix I;
 - (9) Location of the dismantler yard where the existing equipment will be destroyed; and
 - (10) Date the existing equipment is delivered to or picked up by a participating dismantler.

7. Dismantler Requirements

- (A) ARB requires that the existing equipment be destroyed. Destruction of the existing equipment's structural components and engine permanently removes the old, high-emitting equipment from operation. This requirement has been established to ensure that emission reductions are real. It prevents the existing equipment from being moved into another locale to continue emitting high levels of pollutants. Air districts will establish a list of participating dismantlers that existing equipment can be delivered to or picked up for destruction.

- (B) A dismantler must enter into an agreement with at least one air district to participate in the ORVIP. Appendix D lists the terms that must be included in the air district/dismantler agreement. The following are requirements for participating dismantlers.
- (1) Participating equipment dismantlers are required to meet the following requirements in order to participate in the ORVIP and provide verification to the air district:
 - a. Have a current, valid California Environmental Protection Agency (Cal/EPA) Hazardous Materials Generators Permit;
 - b. Comply with all local, State and federal laws and regulations;
 - c. Owner must have a minimum of one active employee who received training by the air district on the requirements of the Program. If a dismantler has more than one location, then the dismantler must have at least one active employee trained by the air district at each location that will be accepting ORVIP equipment; and
 - d. Have had a valid California business license for a minimum of the last two years.
 - (2) Funding is not available for the dismantling of any existing equipment.
 - (3) The dismantler must agree to do the following:
 - a. Destroy the existing equipment within 60 days of receipt. The destruction method of the equipment will vary depending on the structure of the equipment:
 - i. Equipment with permanent frame rails running the length of the equipment: complete cuts of both frame rails between the front and rear axles.
 - ii. Equipment with removable/bolt-on frame rails: structural damage, with cuts or otherwise, that renders the main body of the equipment inoperable and unrepairable.
 - iii. Equipment without frame rails: structural damage, with cuts or otherwise, that renders the main body of the equipment inoperable and unrepairable.
 - iv. Articulated equipment: damage, cuts or otherwise, to the articulation joints of front and rear halves of the equipment so that neither half can be joined.

- v. Other equivalent methods of destruction are acceptable.
- b. Destroy and render useless the existing equipment's engine within 60 days of receipt. At a minimum, the destruction of an engine must include:
 - i. A hole in the engine block with a diameter of at least three inches at the narrowest point. The hole must be irregularly shaped (i.e. no symmetrical squares or circles).
 - ii. A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects the hole.
- c. The dismantler must notify the air district that equipment is destroyed and ready for inspection; and
- d. The destruction of the engine and equipment must be documented by the air district. The air district must verify in person the equipment identification numbers and engine serial number.

D. Definitions

For the purposes of the ORVIP, definitions are as follows:

Agricultural Tractor: A wheel type vehicle, or track vehicle designed to furnish the power to pull, carry, propel, or drive implements that are designed for agriculture.

Dismantler: A place of business whose purpose is to destroy off-road equipment and engines that also meet the requirements of Section C.7.

Equipment Components: Any components of an equipment specific to the actual vocation of the equipment. This does not include any components that are directly related to the propulsion of the equipment, common component of an equipment (i.e. steering wheel, seats, etc.) or related to the rigid structure of the tractor.

Existing Equipment: For replacement projects, the existing equipment is the equipment that will be turned in by the applicant for dismantling and destruction.

Off-Road Regulation: In-Use Off-Road Diesel-Fueled Fleet Regulation (California Code of Regulations, title 13, section 2449, et seq.).

Participating Dealership: A dealership that has an agreement with an air district to participate in the ORVIP.

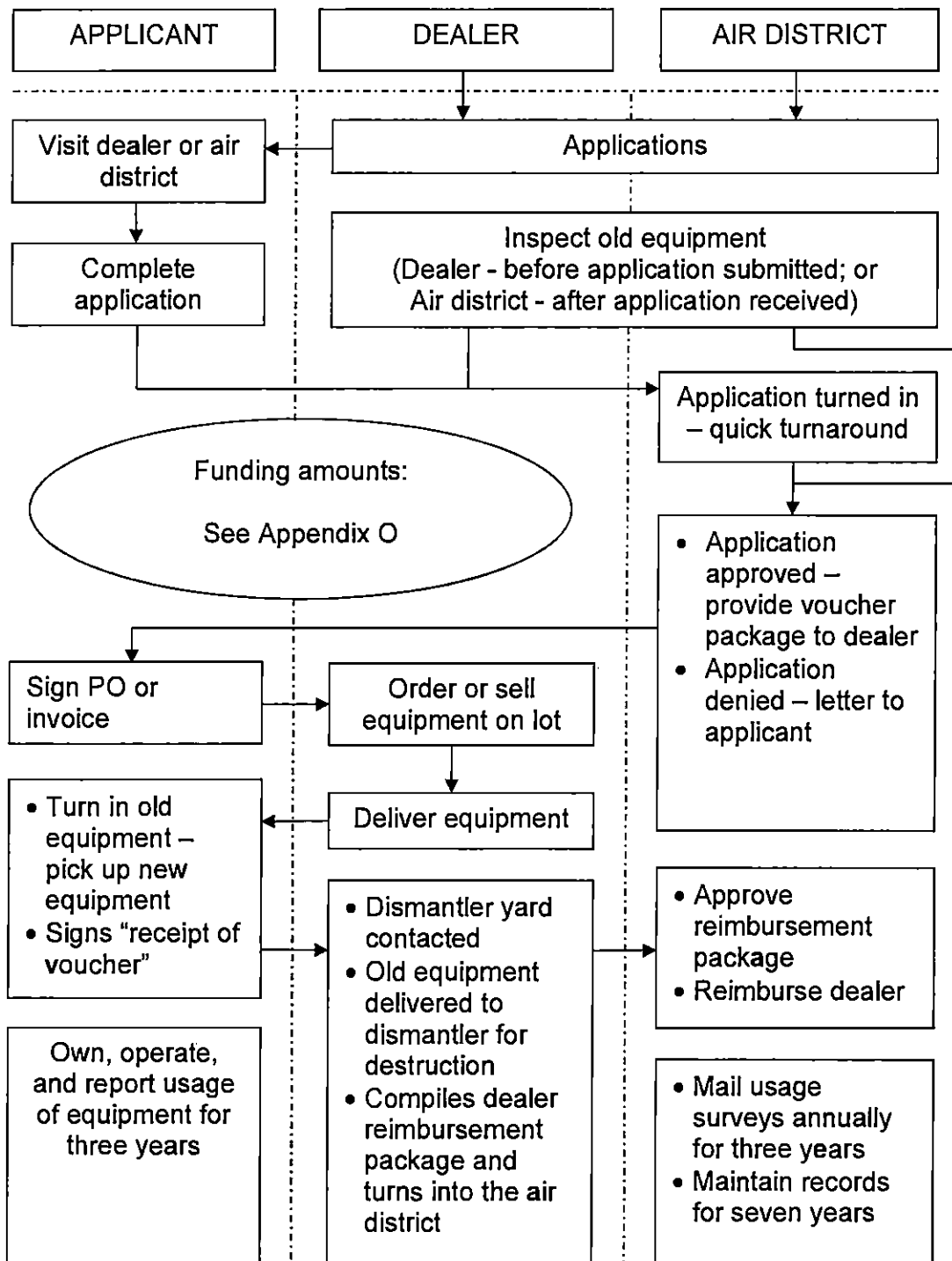
Participating Dismantler: A dismantler that has an agreement with an air district to participate in the ORVIP.

Uncontrolled Engine: An off-road diesel engine that is manufactured in the following years and is not certified to any ARB off-road diesel emission standards or any U.S. EPA non-road diesel emission standards, and that has not been retrofitted with a verified diesel emission control strategy (VDECS):

- Pre-1999 (25 to 49 hp)
- Pre-1998 (50 to 99 hp)
- Pre-1997 (100 to 174 hp)

Verified Diesel Emission Control Strategy (VDECS): An emission control strategy (retrofit device) that has been verified pursuant to the "Verification Procedure, Warranty and In-Use Compliance Requirements for In-Use Strategies to Control Emissions from Diesel Engines", California Code of Regulations, title 13, section 2700, et seq.

Off-Road Voucher Incentive Program Equipment Replacement Flow Chart



Appendix A

OFF-ROAD VOUCHER INCENTIVE PROGRAM Application Package

- Please print clearly or type all requested information on this application.
- Submit all supporting documentation listed on the application checklist on pg. 2.
- Complete one application for each piece of off-road equipment.
- **If the submitted application is incomplete, illegible, or any documentation is missing or unclear, the application will be rejected immediately and returned to the applicant.**

Eligibility Criteria

To be eligible for funding in the Off-Road Voucher Incentive Program (ORVIP), projects must meet the criteria described in the Off-Road Voucher Incentive Program Guidelines. These criteria include, but are not limited to, the following:

- **Eligible Equipment:** Agricultural tractors with uncontrolled off-road compression ignition engines that are greater than or equal to 25 horsepower and less than 175 horsepower and are not currently regulated by an Air Resources Board (ARB) in-use regulation are eligible to participate in the ORVIP.
- **Eligible Engines:** The existing engine must be uncontrolled. Verification must be submitted in the application package. Verification can include a picture of the model year on the engine plate or written documentation from the manufacturer or participating dealer that matches the engine serial number to a particular model year.
- **Ownership Requirements:** The participant must currently own and operate the existing equipment. The participant must be able to provide two items from the following documentation list:
 - (1) Bill of sale for the existing equipment
 - (2) Copy of Diesel Off-road On-line Reporting System (DOORS) registration
 - (3) Tax depreciation logs
 - (4) Property tax records
 - (5) Equipment insurance records
 - (6) Bank appraisals for equipment
 - (7) Maintenance/service records
 - (8) General ledgers

- **Prior Minimum Usage Requirement:** The existing equipment must have met the annual usage requirements in Appendix O, during each 12 months for the previous 24 months. Participants must submit documentation verifying usage for the previous 24 months for the existing equipment. The participant must be able to provide at least one of the following types of documentation:
 1. Hour meter reading log collected at minimum of once per year from an installed and fully functioning hour meter; or
 2. At least two items from the following list proving existing equipment is being used by the fleet:
 - A. Revenue and usage records that identify operational, standby, and down hours for the equipment;
 - B. Employee timesheets linked to specific equipment use;
 - C. Preventative maintenance records tied to specific hours of equipment use; or
 - D. Repair work orders specific to the equipment.

- **Operation in California:** The existing equipment must have operated at least 75 percent of the time in California during each 12 month period for the previous 24 months. Applicant certifies this on the application.

- **Applying for Funds:** Applicant may only apply for funds through the ORVIP to one air pollution control or air quality management district (air district) at a time per piece of equipment. Applicant cannot apply for any other grant funds to replace this equipment.

- **Replacement Engine horsepower:** The horsepower rating for the replacement equipment engine must not be greater than 125 percent of the original manufacturer rated horsepower (baseline horsepower) for the existing equipment engine.

- **Two-for-One Equipment Replacements:** If an applicant is applying to replace two existing equipment with one replacement equipment, then two applications and supporting documentation must be submitted. Please specify this on the application by checking the Two-for-One Option.
 - The horsepower rating for the replacement equipment engine must not be greater than 125 percent of the original manufacturer rated horsepower (baseline horsepower) for the lowest horsepower of the two existing equipment engines.

OFF-ROAD VOUCHER INCENTIVE PROGRAM

Application Checklist

Applicant Information	Dealer Information
Company:	Dealership:
Owner:	Salesperson:
Phone:	Phone:
FAX:	FAX:
Email:	Email:
<i>Option: attach business card</i>	<i>Option: attach business card</i>

√	Applicant Requirements
<input type="checkbox"/>	Completed application (signed & dated; scanned or faxed copy acceptable)
<input type="checkbox"/>	Copy of two items from ownership document list
<input type="checkbox"/>	Equipment usage documentation (for previous 24 months) <input type="checkbox"/> Hour meter reading records
<input type="checkbox"/>	Equipment usage documentation for the existing equipment must prove : <input type="checkbox"/> selected annual usage for previous 24 months
<input type="checkbox"/>	Copy of DOORS fleet summary sheet (if applicable)
<input type="checkbox"/>	Inspection Form for the existing equipment signed by a participating dealership or air district
<input type="checkbox"/>	Digital photos of the existing equipment
<input type="checkbox"/>	Verification of existing engine model year from the manufacturer or dealership
<input type="checkbox"/>	Signed and dated quote and specification sheet for the replacement equipment
<input type="checkbox"/>	ARB Executive Order for replacement equipment engine. U.S. EPA Certificate of Conformity for federally preempted engines
<input type="checkbox"/>	If replacing two existing equipment with one replacement equipment, submit an application and the above information for each existing equipment. Check the box on the application marked "Two-for-One Option"
<input type="checkbox"/>	Replacement equipment engine horsepower < 125 percent of existing equipment engine

OFF-ROAD VOUCHER INCENTIVE PROGRAM**Application**Date Received:
(For office use only)**Applicant Information**

Owner Name:		Company Name:	
Mailing address:			
City:		State:	Zip Code:
Physical address:			
City:		State:	Zip Code:
Owner Email:		Owner Phone:	

Third Party Information

This box needs to be filled out if application is completed by anyone being paid to complete the application on the owner's behalf. Dealers do not need to complete this section.

Third-Party Name:		Company Name:	
Mailing address:			
City:		State:	Zip Code:
Physical address:			
City:		State:	Zip Code:
Phone:		Email:	
Third party signature:		Date:	

Existing Equipment and Engine Information Two-for-One Option

EQUIPMENT INFORMATION:			
Equipment Make:	Equipment Model:	Equipment Model Year:	
DOORS EIN (if applicable):	Equipment Serial Number:	Date of Manufacture:	
Fleet ID:	Equipment operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Engine Information:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Engine Serial Number or Air District ID Number:		Engine Horsepower:	
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other: _____		

Replacement Equipment and Engine Information (If Applicable)

EQUIPMENT INFORMATION:			
Equipment Make:	Equipment Model:	Equipment Model Year:	
Equipment Serial Number:		Date of Manufacturer:	
Equipment operational? <input type="checkbox"/> Yes <input type="checkbox"/> No		Estimated Delivery Date:	
Engine Information:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Engine Serial Number:	Engine Family Number:	Engine Horsepower:	
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other: _____	ARB Executive Order Number or U.S. EPA Certificate of Conformity Number:	

Dealership Information (or attach business card)

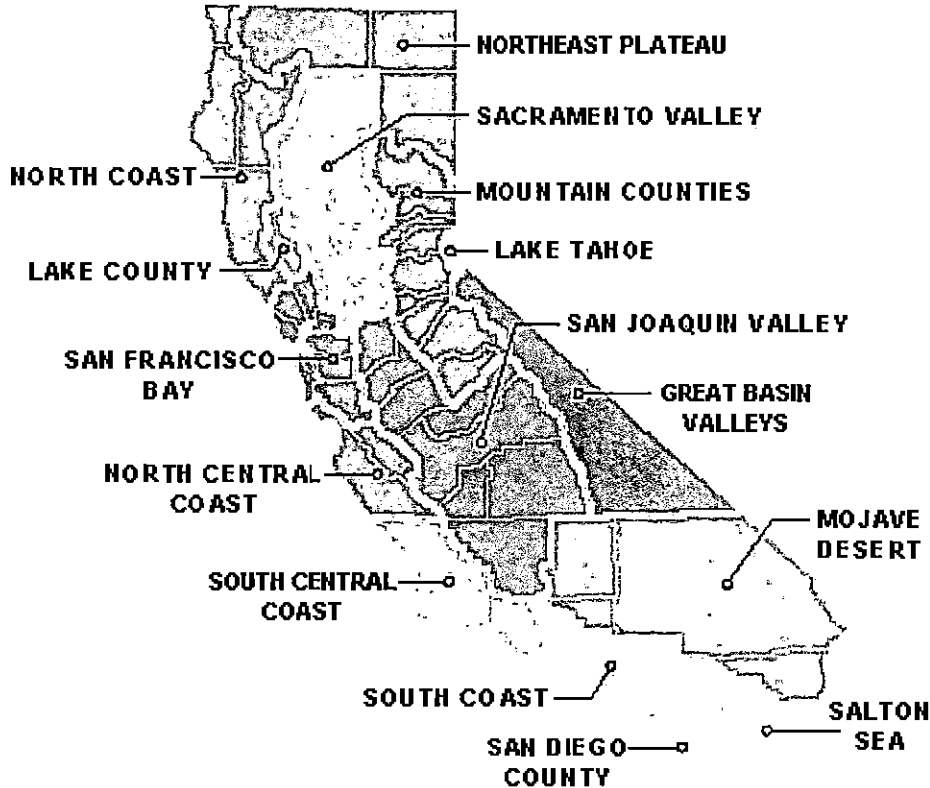
Contact Person:	Business Name:		
Phone:	Address:		
City:	State:	Zip Code:	

Operational Area

Using the map below, estimate the percentage of your annual usage that will occur in each area. *This information is required, but will NOT affect your eligibility or potential funding amount.*

North Coast:	Northeast Plateau:
Lake County:	Sacramento Valley:
San Francisco Bay:	Mountain Counties:
North Central Coast:	Lake Tahoe:
South Central Coast:	San Joaquin Valley:
South Coast:	Great Basin Valleys:
San Diego County:	Mojave Desert:
Outside California:	Salton Sea:
<i>Note: The total of all percentages must equal 100.</i>	

California Air Basins



By submitting this application, I certify under penalty of perjury that the information on this application is accurate and true:

- I am the owner of the existing equipment;
- The information provided in this application and all supporting documentation are true and correct and meet the minimum requirements of the ORVIP;
- The existing equipment must have operated at least 75 percent of the time in California during each 12 month period for the previous 24 months;
- I understand that I cannot receive additional funding for replacement of that same piece of equipment. However, Moyer Program funding for the addition of a retrofit for the ORVIP funded replacement may be available through the air district;
- The purchase of this low-emission equipment is NOT required by any local, State, and/or federal rule or regulation;
- I understand that I must be in compliance and remain in compliance with all applicable federal, State, and local air quality rules and regulations;
- I understand that an incomplete or illegible application, or if any required documentation is missing, this application will be immediately rejected and returned to me;
- I understand that I can reapply for project funding if this application is rejected because it was incomplete, illegible, or missing required documentation;
- I understand as an applicant that incentive programs have limited funds and shall terminate upon depletion of Moyer Program funding;
- I have the legal authority to apply for incentive funding for the entity described in this application;
- I understand that ARB, as an intended third party beneficiary reserves the right to enforce the terms of the ORVIP, at any time during the three year voucher term to ensure emission reductions are obtained; and
- I agree to the above statements by signing below.

Owner Signature:

Date:

Printed Name:

Title:

Please attach all documentation listed on the application checklist

Please submit this application to the air district below. If you have any questions in completing your application, please contact:

<Air District Contact Information>

Appendix B

OFF-ROAD VOUCHER INCENTIVE PROGRAM

Air District's ORVIP Policies and Procedures

NOTE to AIR DISTRICT:

The program elements listed do NOT constitute air pollution control or air quality management district's (air district's) entire Policies and Procedures. This is an addendum to the air district's already existing Policies and Procedures in order to explain how to administer the Off-Road Voucher Incentive Program (ORVIP). The terms have been prepared to facilitate the air district's preparation of their ORVIP Policies and Procedures. The air district must ensure the intent of the ORVIP Guidelines are met and include the program elements listed below into the air district's ORVIP Policies and Procedures.

4. PROGRAM APPROVAL

How the air district is obtaining approval to implement the ORVIP.

5. SELECTION OF DEALERSHIP

The processes the air district goes through to solicit and select a dealership to enter into an agreement with.

3. DISMANTLER SELECTION

The processes the air district goes through to solicit and select dismantlers to enter into an agreement with.

10. PAYMENT PROCESS

The option in which the air district chooses to reimburse and issue payment to the dealership. There are two options:

- a. To start the disbursement process as soon as they receive a Reimbursement Invoice (Appendix H), OR
- b. To start the disbursement process and issue a check within ten business days of receiving a completed Reimbursement Package (Appendix J).

11. DOCUMENTATION

The method in which the air district chooses to document the activities and progress of the ORVIP.

12. AUDITS

How the air district chooses to audit and inspect the projects. There are two options:

- a. The air district can choose to do all pre and post-inspections.
- b.) If the air district chooses to have dealerships do the inspections, the air district must audit five percent of each inspection (pre-inspection, post-inspection, and pre-dismantle inspection). The audits should be done

randomly and occur throughout the implementation timeline of the air district. The air district must outline how they will conduct audits in the air district's ORVIP Policies and Procedures.

13. DEALER TRAINING

The air district provides training for the participating dealers on the ORVIP. If the air district chooses to have dealers do the inspections, the air district must specify the media in which the inspection photographs will be submitted to the air district. The air district must work with the Air Resources Board (ARB) in coordinating training and materials.

14. DISMANTLER TRAINING

The air district provides training for the participating dismantlers on the ORVIP.

15. OUTREACH

The air district establishes an outreach goal for the ORVIP.

Appendix C

OFF-ROAD VOUCHER INCENTIVE PROGRAM

**Dealership Agreement Terms to be included in Master Agreement
Between the Air District and Dealer**

NOTE to AIR DISTRICT:

The terms listed do NOT constitute an air pollution control or air quality management district's (air district's) entire Agreement; standard Air District Agreement language (such as, confidentiality, termination, indemnification, insurance, etc.) must be included in conjunction with the items below. The terms have been prepared to facilitate the air district's preparation of the Agreement. The air district must include the terms listed below and supersede any additional terms included by the air district.

1. The air district has not reviewed the dealership's operations or reached any conclusion on the quality of the dealership's operations. The air district is permitting the dealership to enter into this Agreement solely because dealership has represented to the air district that it is aware of the Off-Road Voucher Incentive Program (ORVIP) Guidelines (Guidelines) goals, and agrees to abide by the Program requirements and Guidelines.
2. The air district and dealership agree that if the California Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the ORVIP, this Agreement shall be of no further force and effect. In this event the State shall have no liability to pay any funds whatsoever to the air district and dealership or to furnish any other considerations under this Agreement.
3. **Payment:** The air district will not pay or otherwise directly reimburse or compensate in any way the dealership for its services rendered in complying with this Agreement, but the benefit received by dealership under this Agreement is the opportunity to participate in the ORVIP, which includes the corresponding opportunity for the dealership to profit from the sale of equipment to ORVIP Participants.
4. **Reduction in Equipment Purchase Price:** The dealership must show the voucher amount on the replacement equipment invoice. This amount should not reduce the sales price of the equipment but should reduce the amount the participant will pay for the equipment. The receipt of voucher funds does not lower the base price of the equipment and does not reduce the tax basis of the equipment.
5. **Voucher Payment:** The Dealership will be reimbursed by the air district for the voucher amount once the Dealership submits a complete Reimbursement Package to the air district as outlined in the Guidelines and in this Agreement.

6. **Dealership Obligations:** The Dealership agrees to provide general information to Program participants about the Program. The air district will provide training to Dealership staff. The Dealership agrees to assist ORVIP participants to correctly complete and submit the Application Package to the air district. It is important to verify that all information is filled out correctly and that the participant understands the Program.
 - d. Before the air district may approve a voucher, an Application Package must be completed and submitted to the air district. The Application Package must include all required documentation as outlined in the ORVIP Guidelines.
 - e. After the air district notifies the Dealership of application approval, the Dealership will order the replacement equipment with an eligible engine, as specified in the Guidelines, and have the replacement equipment delivered to the Dealership.
 - f. Within 30 days after the owner delivers the existing equipment and original, signed title to the Dealership, the Dealership must ensure the existing equipment is sent to a participating dismantler for destruction. The air district will provide a list of participating dismantlers to the Dealership.
7. **Dealership Qualifications:** Dealership warrants that it meets the following minimum qualifications for participation in the ORVIP, and will continue to meet these qualifications throughout its participation in the ORVIP.
 - d. Dealership has had a valid business license in California for a minimum of the last two years.
 - e. Dealership maintains a minimum of one employee that has successfully completed the training by the air district regarding the terms, conditions and requirements of the Program. If a participating dealership maintains more than one location for equipment sales, then each location must have at least one employee trained on the ORVIP. Language must be included in the dealership agreement requiring each location have at least one employee is trained on the ORVIP.
 - f. Dealership agrees to allow the air district or Air Resources Board (ARB) to inspect equipment or audit program records covered under this Agreement during normal business hours.
8. **Inspections:** Inspections described below require inspection forms be completed and photographs taken to document equipment and engine. Specific requirements are outlined in the ORVIP Guidelines.

- (A) All inspections except for the dismantle inspection may be conducted by an authorized Dealership. If the air district requests the Dealership to conduct an inspection, then the inspection must be conducted as follows:
 - (1) Pre-Inspection: Submit completed inspection form and photos to air district with the application
 - (2) Post-Inspection: Submit completed inspection form and photos to air district with Dealer Reimbursement Package (Appendix J)
 - (3) Pre-Dismantle: Submit completed inspection form and photos to air district with Dealer Reimbursement Package (Appendix J)
 - (B) If the air district conducts inspections, then inspections must be conducted in accordance with the ORVIP Guidelines.
9. Dealership Reimbursement: Dealership must submit a Reimbursement Package to the air district. A description of documents in the Reimbursement Package is listed in the Guidelines. The Reimbursement Package must include:
- (A) Reimbursement Invoice (Appendix H) should be signed and returned to the air district upon receipt;
 - (B) Final dealership invoice signed by the applicant that shows the final purchase price less the voucher award;
 - (C) The original Receipt of Voucher (Appendix G) signed by the participant (original signature required);
 - (D) The Voucher (Appendix F);
 - (E) Copy of DOORS registration (if applicable);
 - (F) Copy of replacement equipment warranty information;
 - (G) Inspection forms and pictures of the existing equipment after it is turned in to the dealership as specified in Appendix I;
 - (H) Inspection forms and pictures of the replacement equipment as specified in Appendix I;
 - (I) Location of the dismantler where the existing equipment will be destroyed; and
 - (J) Date the existing equipment is delivered to or picked up by a participating dismantler.
10. Noncompliance: Noncompliance with this Agreement or Guidelines, includes, but is not limited to canceling the Agreement and recapturing voucher funds.

ARB and the air district may disqualify the Dealership from ORVIP participation and seek other remedies as available under the law for noncompliance with this Agreement or ORVIP requirements.

Appendix D

OFF-ROAD VOUCHER INCENTIVE PROGRAM

**Dismantler Agreement Terms to be Included in Master Agreement
Between the Air District and Dismantler Owner**

NOTE to AIR DISTRICT:

The terms listed do NOT constitute an air pollution control or air quality management district's (air district's) entire Agreement; standard air district Agreement language (such as, confidentiality, termination, indemnification, insurance, etc.) must be included in conjunction with the items below. The terms have been prepared to facilitate the air districts preparation of Agreement. The air district must include the terms listed below that would supersede any additional terms included by the air district.

1. The air district has not reviewed the Dismantler Owner's (Owner) operations or reached any conclusion on the quality of the operations. The air district is allowing the Owner to enter into this Agreement solely because the Owner has represented to the air district that it is aware of the Off-Road Voucher Incentive Program (ORVIP) Guidelines (Guidelines) goals, and agrees to abide by the ORVIP requirements and Guidelines.
2. The air district and Dismantler agree that if the California Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the ORVIP, this Agreement shall be of no further force and effect. In this event the State shall have no liability to pay any funds whatsoever to the air district and Dismantler or to furnish any other considerations under this Agreement.
3. **Payment:** Owner will not be paid or otherwise reimbursed directly by the air district or the Air Resources Board (ARB). Rather, the benefit received by Owner under this Agreement is the opportunity to participate in the ORVIP, which carries the corresponding opportunity to profit through the receipt – for cash or free – of materials that Owner will dismantler with the intent to make a profit. Funding is not available from the air district through this Agreement for any dismantler or material costs, including hazardous waste abatement fees, labor costs, fines, permits, or other charges resulting from destruction or disposal.
4. **Owner Obligation:** The Owner must comply with the following requirements in accordance with the Guidelines, and submit certification to the air district verifying that the requirements have been met. Within 60 calendar days of receiving equipment under this Agreement, Owner will:
 - a. Destroy existing equipment and render it physically useless; and

- b. Notify the air district when the existing equipment (structural components and engine) has been properly destroyed and schedule a destruction inspection with air district; and
 - c. The dismantler must provide verification that the existing equipment is no longer operational. Documentation must include clear photographs of the destroyed engine block and cut frame rails. In addition, the following picture views must be taken:
 - (1) Equipment serial number;
 - (2) Engine side view;
 - (3) Engine serial number either stamped on the block or on the tag;
 - (4) Destroyed engine block as described in Section C.7.(C)(2) of the ORVIP Guidelines;
 - (5) Cut structural components as described in Section C.7.(C)(1) of the ORVIP Guidelines;
 - (6) Destroyed attachments, if scrapped; and
 - (7) Other views dependent on the method of equipment destruction.
5. Owner Qualifications: Owner warrants that it meets the following minimum qualifications for participating in the ORVIP, and will continue to meet these qualifications throughout its participation in the ORVIP. Owner must provide written proof that it meets the following qualifications within 48 hours if requested by air district staff.
- a. Owner must have a current, valid Dismantler's license issued by the California Department of Motor Vehicles.
 - b. Owner has a current, valid California Environmental Protection Agency Hazardous Material Generator and Storage Permit.
 - c. Owner must be in compliance with all local, State, and federal regulations, permits and requirements.
 - d. Owner must have a minimum of one active employee who received training by the air district on the requirements of the ORVIP. If a dismantler has more than one location, then the dismantler must have at least one active employee trained by the air district at each location that will be accepting ORVIP equipment.
 - e. Dismantler has had a valid business license issued in California for a minimum of the last two years.

6. **Dismantler Inspection:** Once the air district is notified, a dismantler inspection will be scheduled and photos documenting the destruction of the existing engine will be taken in accordance with the Guidelines. Owner shall not move the equipment off of their property or part out an equipment until a dismantler inspection by the air district has been performed and given approval by the air district.
7. **Use of Existing Engine or Equipment Pending Destruction:** Owner may not use or permit the use of, the existing engines or equipment, except use necessary to move it for destruction or storage.
8. **Compliance:** Because the prompt destruction of existing equipment and engines is one of the critical components of the ORVIP, and the parties agree that it will be difficult to determine the monetary damages arising from Owner's breach of the requirement to destroy the existing equipment within 60 days, Owner agrees that if it fails to destroy the engine and equipment within the 60-day period, it will pay the air district up to \$500 per day until the existing engine and equipment is destroyed and provide verification that the equipment is no longer operational. Owner may request that the air district extend the 60-day period, and the air district will not unreasonably withhold its approval of the extension request. Only written extensions are effective. Owner will not generally be eligible for an extension if the cause of the delay was within its control.
9. **Noncompliance:** Noncompliance with this Agreement or Guidelines, includes, but is not limited to canceling the Agreement and recapturing voucher funds. ARB and the air district may disqualify Dismantler from ORVIP participation and seek other remedies as available under the law for noncompliance with this Agreement or Program requirements.

Appendix E

OFF-ROAD VOUCHER INCENTIVE PROGRAM Air District Review Checklist: Initial Review

Owner: _____	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected
Company: _____	Voucher # _____
Dealership: _____	Voucher Amount: \$ _____
Submittal Date: _____	Expiration date: _____

Verify that the following information/documents are included in the application. Use back side of checklist for additional comments if necessary.

Existing Equipment Requirements

- Verification that the engine meets the current model year California emission standards or the current model year U.S. EPA emission standards if it is a federally preempted engine
- Equipment is diesel fueled
- Existing equipment has an uncontrolled engine
- If the applicant chose the Two-for-One Option, both existing equipment meet all requirements of the ORVIP

Documentation Requirements

- Application complete, signed and dated – scanned or faxed copy acceptable
- Copy of two items from ownership document list
- Copy of DOORS fleet summary sheet (if applicable)
- Documentation of a minimum of 24 months of existing equipment usage. Specific equipment identified in documentation:
 - Meets the selected annual usage in Appendix O for previous 24 months
- Signed quote and specifications sheet for the replacement equipment (with date and price)

- Delivery date is listed and included on the voucher
- Voucher amount is reduced from quote
- Owner is listed as buyer

Replacement Projects: Air Resources Board (ARB) Executive Order for the replacement engine, which demonstrates the engine is meeting current model year California emission standards or current model year U.S. EPA emission standards if it is a federally preempted engine.

Existing Equipment Inspection Requirements

- Signed inspection form of the existing equipment from either the dealer or the air pollution control/air quality management district (air district)
 - Existing equipment is operational – clear evidence has been provided
- Digital photos taken at the inspection of the existing equipment are legible
- Digital photo information for existing equipment/engine make, MY, DOORS EIN (if available), serial number match application information. The photos of the engine should help verify application information. If no engine tag is available, a print out of the engine specifications will suffice.

Air District Requirements

- Issue voucher for
 - Funding year: _____
 - Existing engine model year: _____
 - Annual usage: _____
 - Replacements - new: _____
 - Voucher Amount: _____

The following application form fields are mandatory and must be filled in completely before the application may be approved.

<p>Applicant Information:</p> <ul style="list-style-type: none"> • Owner Name • Mailing Address (including City, State, Zip) • Physical Address (if different from mailing) • Owner Phone • DOORS ID of fleet (if applicable) 	<p>Third Party Information:</p> <ul style="list-style-type: none"> • Third-Party Name • Mailing address (including City, State, Zip) • Physical Address (if different from mailing) • Phone • Third Party Signature & Date only required if a paid party other than the dealership completes the application
<p>Existing Equipment and Engine Information:</p> <ul style="list-style-type: none"> • Equipment Make • Equipment Model • Equipment Model Year • DOORS EIN (if applicable) • Equipment Serial Number • Equipment Operational • Engine Make • Engine Model • Engine Model Year • Engine Serial Number / Engine Block Stamp or Alternative Tag (if engine serial number is not available) • Engine Family Number • Engine Operational • Fuel Used 	<p>Replacement Equipment and Engine Information:</p> <ul style="list-style-type: none"> • Equipment Make • Equipment Model • Equipment Model Year • DOORS EIN (if applicable) • Engine Make • Engine Model • Engine Model Year • Engine Family Number • Engine operational • Fuel used • ARB Executive Order Number or U.S. EPA Certificate of Conformity Number
<p>Dealership Information: All fields must be filled out or a business card must be attached</p>	
<p>Inspection Forms: all applicable forms must be filled in based on the information required above for the existing and replacement equipment.</p>	<p>Applicant Recitals Owner must sign and date application</p>

If rejected, letter sent to applicant and the dealer was carbon copied

Reason(s) for rejection:

- _____
- _____

If approved, voucher package sent to dealer on (date): _____

Air District Staff (print name): _____ Date Reviewed: _____

Appendix F

OFF-ROAD VOUCHER INCENTIVE PROGRAM

Replacement Voucher

Congratulations! You have been approved to receive funding through the Off-Road Voucher Incentive Program (ORVIP). This voucher is redeemable for the purchase of the replacement equipment listed below. Redemption of this voucher must be completed at the dealership listed below.

Owner: please confirm the following information and sign in the first section.

Air District: _____

Voucher Number: _____

Voucher Amount: \$ _____

The Air Resources Board (ARB), as an intended third party beneficiary, reserves the right to enforce the terms of the ORVIP at any time during the three year voucher term to ensure emission reductions are obtained.

Recipient Information	Dealership Information
Owner:	Dealership Name:
Address:	Address:
City, State, Zip:	City, State, Zip:
Phone:	Phone:
Accept: <input type="checkbox"/> Decline: <input type="checkbox"/>	
Owner Signature:	Date:

Replacement Equipment Information	Engine Information
Make:	Make:
Model:	Model:
Model Year:	Model Year:
DOORS EIN (if applicable):	Engine Family Number:
Serial Number:	Serial Number:
	Engine Horsepower:
	U.S. EPA Certificate of Conformity Number or ARB Executive Order Number:

- To be eligible to redeem this voucher, the participant must purchase and take delivery of the replacement equipment within 30 days of <Date> or by the delivery date of <Date>, whichever is later. The participant must also deliver the existing equipment in similar condition to the pre-inspection to the dealership prior to taking ownership of the replacement equipment.

By signing, I validate the issuance of this voucher in accordance with the ORVIP.

Signature of Air District Representative: _____ Date: _____

Printed Name: _____

Address: _____

City, State, Zip: _____

Phone Number: _____

Appendix G

OFF-ROAD VOUCHER INCENTIVE PROGRAM

Receipt of Replacement Voucher

Air District: _____ **Voucher Number:** _____
Address: _____ **Voucher Amount:** \$ _____
Phone Number: _____

Recipient Information
Owner: _____
Address: _____
City, State, Zip: _____
Phone: _____

Replacement Equipment	Dealership Information
Make: _____	Dealership Name: _____
Model: _____	Address: _____
Model Year: _____	City, State, Zip: _____
Serial Number: _____	Phone: _____
EIN (if applicable): _____	_____

As a participant of the Off-Road Voucher Incentive Program (ORVIP), I agree to:

- For participants that applied for and received funding on equipment subject to the reporting and labeling requirements of the Off-Road Regulation, register the replacement equipment in DOORS database.
- If applicable, provide the DOORS EIN for the replacement equipment no later than at the post-inspection of the replacement equipment.
- Own and operate this replacement equipment at least 75 percent of the time within California for a minimum 36 months from the date of purchase.
- Notify the air pollution control or air quality management district (air district) if there is a change in ownership over the next 36 months.
- Return annual usage surveys, as requested by the air district.
- Never modify the emission control system or the engine.
- Be available for a follow up inspection by the air district or Air Resources Board, if requested.
- Pay back all incentive funds if one or more of the above terms are not met.
- I cannot receive additional funding for the replacement of that same piece of equipment. However, Moyer Program funding for the addition of a retrofit for the ORVIP funded replacement may be available through the air district.
- The Air Resources Board (ARB), as an intended third party beneficiary, reserves the right to enforce the terms of ORVIP, at any time during the three year voucher term to ensure emission reductions are obtained.

I certify under penalty of perjury that the information provided is true and correct.

Signature of Participant: _____ Date: _____

Name of Participant: _____

Original to Air District, Copy to Participant

Appendix H

OFF-ROAD VOUCHER INCENTIVE PROGRAM Reimbursement Invoice

Date:

Dealership Information
Business Name:
Address:
City, State, Zip:
Phone:
Federal Tax ID Number:

Please reimburse <Dealer Name> for <\$0.00> for the voucher number _____.

A complete reimbursement package will be turned in at the time of payment.

Thank you.

Name: _____

Signature: _____

Date: _____

Appendix I

OFF-ROAD VOUCHER INCENTIVE PROGRAM

Inspection Form

Type of Inspection:

Existing Equipment: <input type="checkbox"/> Pre-Inspection <input type="checkbox"/> Pre-Dismantle <input type="checkbox"/> Dismantle
Post-Inspection: <input type="checkbox"/> Replacement Equipment Post-Inspection
Legible Pictures: <input type="checkbox"/> Yes <input type="checkbox"/> No

Applicant Information

COMPANY NAME:	INSPECTION LOCATION:
Owner Name:	
Address:	
City, State, Zip:	
Phone Number:	

Equipment and Engine Information

EXISTING EQUIPMENT **REPLACEMENT EQUIPMENT**

EQUIPMENT INFORMATION:			
Equipment Make:	Equipment Model:	Equipment Model Year:	
DOORS EIN (if applicable):	Equipment Serial Number:	Date of Manufacture:	
Fleet ID:	Hour Meter Reading:	Equipment operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Engine Information:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Engine Serial Number or Air District ID Number:			Engine Horsepower:
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other:	Engine Family Number:	

For Pre-Dismantler Inspection ONLY, Specify

DISMANTLER:	CONTACT NAME:	PHONE:
		Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No

For Dismantler Inspection ONLY, Specify

DISMANTLER:	CONTACT NAME:	PHONE:
Frame Rails Cut? <input type="checkbox"/> Yes <input type="checkbox"/> No		Engine Destroyed? <input type="checkbox"/> Yes <input type="checkbox"/> No

Comments:

I certify under penalty of perjury that: 1) the information provided above is accurate, 2) the pictures are of the inspected equipment, 3) the pictures clearly depict the inspected equipment, and 4) that I understand that this inspection form is incorporated in the agreement with the <air district>.

Signature:	Date:
Authorized Name:	
Air District / Dealership:	
Address:	
City, State, Zip:	
Phone Number:	

Required Photographs

- Digital photos should be clear images with a minimum of 640x480 capture resolution. The air district will specify the digital media required to save the pictures on.
- If applicable to the replacement equipment, the DOORS EIN is not required to be photographed at the post inspection, but the EIN will need to be obtained by the post inspection.

(Check the boxes/circles of pictures taken)

Pre-inspection of existing equipment	Post inspection of replacement equipment
<ul style="list-style-type: none"> <input type="checkbox"/> Equipment from left side <input type="checkbox"/> Equipment from right side <input type="checkbox"/> Equipment from front <input type="checkbox"/> Equipment from back <input type="checkbox"/> DOORS EIN (if applicable) <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> ○ Engine make ○ Engine model ○ Engine serial number ○ Engine family number 	<ul style="list-style-type: none"> <input type="checkbox"/> Picture(s) of equipment <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine tag <ul style="list-style-type: none"> ○ Engine make ○ Engine model ○ Engine serial number ○ Engine family number
Pre-Dismantler inspection of existing equipment	Dismantler inspection of existing equipment
<ul style="list-style-type: none"> <input type="checkbox"/> Equipment from left side <input type="checkbox"/> Equipment from right side <input type="checkbox"/> Equipment from front <input type="checkbox"/> Equipment from back <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> ○ Engine make ○ Engine model ○ Engine serial number ○ Engine family number 	<ul style="list-style-type: none"> <input type="checkbox"/> Picture(s) of equipment <input type="checkbox"/> Equipment serial number <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> ○ Engine make ○ Engine model ○ Engine serial number ○ Engine family number <input type="checkbox"/> Cut structural components <input type="checkbox"/> Irregular hole in engine block (at least three inches wide) and removed section of the oil pan flange as part of the hole or a line cut through it that connects the hole

**If engine tag is missing, a picture of the engine serial number stamped on the engine block must be submitted*

Appendix J

OFF-ROAD VOUCHER INCENTIVE PROGRAM Reimbursement Package Checklist

Participant Name: _____ Date: _____

Voucher Number: _____ Voucher Amount: _____

Checklist for Replacement Projects

<input checked="" type="checkbox"/>	Documents included in Dealer Reimbursement Package
<input type="checkbox"/>	Dealer Reimbursement Invoice – signed by dealership
<input type="checkbox"/>	Final replacement equipment purchase invoice
<input type="checkbox"/>	Receipt of Voucher (original) – signed by the participant
<input type="checkbox"/>	Voucher
<input type="checkbox"/>	Copy of the replacement equipment warranty
<input type="checkbox"/>	Inspection forms and digital photos for existing equipment ready for dismantler
<input type="checkbox"/>	Inspection forms and digital photos for replacement equipment
<input type="checkbox"/>	Location of dismantler yard where the existing equipment will be destroyed
<input type="checkbox"/>	Date the existing equipment is delivered to or picked up by a dismantler

Dealership Business Name: _____

Contact Person: _____

Phone Number: _____

Appendix K

Date

Name

Company

Address

City, State, Zip

RE: Application Rejected: Off-Road Voucher Incentive Program

Dear Name:

Thank you for submitting an application to the <Air District's> Off-Road Voucher Incentive Program (ORVIP). Your application was reviewed and found to be incomplete and/or not meeting the requirements of the program. The application was rejected because:

The applicant did not meet the following ORVIP criteria listed in the guidelines

-

The application package was incomplete. The following information was not included in the application:

-

If your application was incomplete, you can re-apply to the ORVIP. If you wish to do so, you should re-apply by submitting a completed application.

If you have any questions, please contact <insert contact> at <insert phone> or <insert email>.

Sincerely,

<Name>

<Title>

cc: Dealership

Attachment: Application Package

Appendix L

OFF-ROAD VOUCHER INCENTIVE PROGRAM Air District Payment Review Checklist

Applicant:	Company (if any):	Dealer:
Voucher Number:	Voucher Amount:	Submittal Date:

Verify the following information in the reimbursement package:

- Applicant information matches application
- Voucher number is correct
- Voucher amount is correct
- Replacement equipment information matches application, quote information, and ORVIP requirements.
- Invoice correctly shows the final price less the voucher amount

Verify that the following documents are included in the reimbursement package:

- Reimbursement invoice
- Original Receipt of Replacement Voucher signed by the applicant (original signature)
- Replacement Voucher
- Warranty information
- Completed final invoice, signed, and dated by the applicant
- Copy of two items from ownership document list
- Inspection forms and photos of the replacement equipment in dealership custody

Reimbursement approved? Yes No

Comments (Use back side of checklist for additional comments if necessary):

Funding Date: _____
Copy of check in project folder

Check Number: _____

Air District Staff (print name): _____ Date Reviewed: _____

Appendix M

May 30, 2017

Salesperson
Dealership
Address
City, State, Zip

RE: Reimbursement Package Rejection Letter: Voucher Number #_____

Dear Salesperson:

Thank you for your participation in the Off-Road Voucher Incentive Program (ORVIP). Unfortunately, the reimbursement package submitted for Voucher Number #_____ was reviewed and found to be incomplete and/or not meeting the requirements of the program. The package was rejected because:

The reimbursement package did not meet the following ORVIP criteria listed in the guidelines

-

The reimbursement package was incomplete. The following information was not included in the package:

-

If your reimbursement package was incomplete, please re-submit the entire reimbursement package including the missing documentation. If your reimbursement package did not meet the criteria of the program, please contact air district staff immediately for further explanation.

If you have any questions, please contact <insert contact> at <insert phone> or <insert email>.

Sincerely,

Name
Title
Air District
Phone Number

Attachment: Reimbursement Package

Appendix N

OFF-ROAD VOUCHER INCENTIVE PROGRAM

Usage Survey

Thank you for participating in the Off-Road Voucher Incentive Program. Please fill out this usage survey and return to the address below within five business days.

Participant Information:

Name: _____
 Address: _____

Equipment Information:

Make: _____
 Model/Year: _____
 DOORS EIN (if applicable): _____
 Serial Number: _____

I still own the equipment and have (please print legibly):

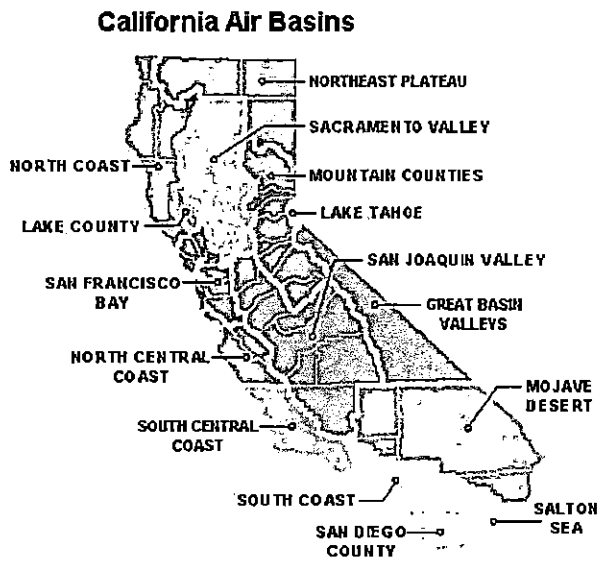
- Operated _____ hours in California in 20____;

The hour meter reading is:

--	--	--	--	--	--	--	--	--	--

I operated the equipment about _____% of the time in California in 20__.

Using the map at right, estimate the percentage of your usage that occurred in each area.	
North Coast:	Northeast Plateau:
Lake County:	Sacramento Valley:
San Francisco Bay:	Mountain Counties:
North Central Coast:	Lake Tahoe:
South Central Coast:	San Joaquin Valley:
South Coast:	Great Basin Valleys:
San Diego County:	Mojave Desert:
Outside California:	Salton Sea:
<i>Note: The total of all percentages must equal 100.</i>	



I certify under penalty of perjury that the information provided above is accurate and true.

Signature: _____
 Name: _____
 Date: _____

Return survey to:

Appendix O

Off-Road VIP Funding Matrices

VIP Replacement Funding Matrix – Agricultural Tractor					
	25-49 Horsepower		50-74 Horsepower		
Minimum Annual Usage (Hours)	Tier 4 Interim	Tier 4 Final	Tier 3	Tier 4 Interim	Tier 4 Final
200		\$2,000			\$4,000
300	\$2,000	\$3,000	\$5,000	\$5,500	\$6,500
400	\$3,000	\$4,000	\$6,500	\$7,500	\$8,500
500	\$4,000	\$5,500	\$8,000	\$9,000	\$10,500
600	\$4,500	\$6,500	\$10,000	\$11,000	\$13,000
700	\$5,500	\$7,500	\$11,500	\$13,000	\$15,000
800	\$6,500	\$7,500	\$13,000	\$15,000	\$15,000
900	\$7,000	\$7,500	\$15,000	\$15,000	\$15,000
1000+	\$7,500	\$7,500	\$15,000	\$15,000	\$15,000

VIP Replacement Funding Matrix – Agricultural Tractor								
	75-99 Horsepower				100-124 Horsepower			
Minimum Annual Usage (Hours)	Tier 3	Tier 4 Phase Out	Tier 4 Phase-In or Alternate NOx	Tier 4 Final	Tier 3	Tier 4 Phase Out	Tier 4 Phase-In or Alternate NOx	Tier 4 Final
200	\$5,000	\$6,500	\$6,500	\$7,500		\$8,500	\$9,000	\$10,000
300	\$7,500	\$9,500	\$10,000	\$11,000	\$11,500	\$13,000	\$13,500	\$15,000
400	\$10,000	\$13,000	\$13,500	\$15,000	\$15,500	\$17,500	\$18,000	\$20,000
500	\$12,500	\$16,000	\$16,500	\$18,500	\$19,500	\$22,000	\$22,500	\$25,000
600	\$15,000	\$19,500	\$20,000	\$22,500	\$23,000	\$26,500	\$27,000	\$30,000
700	\$17,500	\$22,500	\$22,500	\$22,500	\$27,000	\$30,000	\$30,000	\$30,000
800	\$20,000	\$22,500	\$22,500	\$22,500	\$31,000	\$30,000	\$30,000	\$30,000
900+	\$22,500	\$22,500	\$22,500	\$22,500	\$31,000	\$30,000	\$30,000	\$30,000

VIP Replacement Funding Matrix – Agricultural Tractor								
Minimum Annual Usage (Hours)	125-149 Horsepower				150-174 Horsepower			
	Tier 3	Tier 4 Phase Out	Tier 4 Phase-In or Alternate NOx	Tier 4 Final	Tier 3	Tier 4 Phase Out	Tier 4 Phase-In or Alternate NOx	Tier 4 Final
200		\$7,500	\$7,500	\$8,500	\$7,000	\$9,000	\$9,000	\$10,500
300	\$9,000	\$11,000	\$11,500	\$13,000	\$11,000	\$13,500	\$13,500	\$16,000
400	\$12,000	\$15,000	\$15,000	\$17,500	\$14,500	\$18,000	\$18,500	\$21,500
500	\$15,000	\$18,500	\$19,000	\$22,000	\$18,500	\$22,500	\$23,000	\$26,500
600	\$18,500	\$22,500	\$23,000	\$26,500	\$22,000	\$27,000	\$27,500	\$32,000
700	\$21,500	\$26,500	\$27,000	\$31,000	\$25,500	\$31,500	\$32,000	\$37,500
800	\$24,500	\$30,000	\$30,500	\$35,500	\$29,500	\$36,000	\$37,000	\$43,000
900	\$27,500	\$34,000	\$34,500	\$37,500	\$33,000	\$40,500	\$41,500	\$45,000
1000	\$30,500	\$37,500	\$37,500	\$37,500	\$37,000	\$45,000	\$45,000	\$45,000
1100	\$33,500	\$37,500	\$37,500	\$37,500	\$40,500	\$45,000	\$45,000	\$45,000
1200	\$37,000	\$37,500	\$37,500	\$37,500	\$44,000	\$45,000	\$45,000	\$45,000
1300+	\$37,500	\$37,500	\$37,500	\$37,500	\$45,000	\$45,000	\$45,000	\$45,000

Appendix 11

CHAPTER 9: LAWN AND GARDEN EQUIPMENT REPLACEMENT

CHAPTER 9: LAWN AND GARDEN EQUIPMENT REPLACEMENT

This chapter describes the minimum criteria and requirements for the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) Lawn and Garden Equipment (L&GE) replacement projects. L&GE replacement provides a streamlined approach to reduce emissions by replacing existing gasoline lawn mowers with cordless, zero-emission electric lawn mowers. Zero-emission lawn mowers are not required by regulation, so the emission benefits are surplus. The Moyer Program provides funding for vouchers to offset part of the cost of the replacement electric lawn mower.

A. Projects Eligible for Funding

New Replacement Cordless, Zero-Emission Electric Lawn Mower Purchase: The purchase of a new cordless, zero-emission electric lawn mower to replace the existing gasoline lawn mower that is to be scrapped is eligible for funding under this program.

No emission reductions generated by the Moyer Program shall be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity. Therefore, an electric lawn mower model that generates credits by participating in the Air Resources Board's (ARB) zero-emission equipment credit averaging, banking, and trading program is not eligible for funding.

B. Maximum Eligible Funding Amounts

The maximum total project funding amount associated with reducing the eligible costs of a L&GE replacement project has been predetermined as \$145 per lawn mower.

C. Project Criteria

The criteria listed below are the minimum requirements for L&GE replacement project participants: air quality management districts or air pollution control districts (air districts); cordless zero-emission electric lawn mower manufacturers and merchants; hazardous waste material disposal companies and recycling companies. All projects must also conform to the requirements in Chapter 2: General Criteria and in Chapter 3: Program Administration, except for the following Sections: S. Project Application Requirements, W. Project Pre-Inspection, X. Project Post-Inspection, Y. Project Invoice and Payment, Z. Grantee Annual Reporting, AA. Air District Audit of Projects, BB. Nonperforming Projects; and as noted elsewhere below.

- 1. General Lawn and Garden Equipment Replacement Criteria.** As allowed under Chapter 2, Sections I, N, O, P, and Q, an air district may contribute additional non-Moyer Program incentive funds towards the purchase of the individual lawn mower. However, Moyer Program and AB 923 funds combined cannot exceed \$145. Bulk-purchasing discounts from the electric lawn mower manufacturer or merchant are also allowed.

2. Participant Requirements. All participants must meet the following requirements to be eligible for funding:

- (A) *Application Form:* To be approved for L&GE replacement funds, the applicant must meet L&GE replacement program requirements and submit an application. Once an application is approved by the air district, the air district will return the application form to the applicant. The applicant must turn in the approved application form with applicant's signature at the location designated by the air district.
- (B) *Applicant must certify in the application:*
 - (1) **California Residence:** Participants must reside in California. Air districts may add the requirement that participants reside within the air district.
 - (2) **Own and Operate:** The participant must currently own and operate the existing gasoline lawn mower in California.
 - (3) **Replacement Cordless, Zero-Emission Electric Lawn Mower Operation in California:** The participant must intend to own and operate the new replacement cordless, zero-emission electric lawn mower in California for a minimum of 36 months from the date of purchase.

3. Existing Lawn Mower Requirements. Each existing lawn mower must meet the following conditions before the L&GE replacement application can be approved and awarded a voucher.

- (A) *Operational Gasoline Lawn Mowers:* The existing lawn mower must be in operational condition. The lawn mower must operate on gasoline, be able to start, move, and have all operational parts. Applicant certifies operability on the application form.
- (B) *Delivery of the Existing Lawn Mower to the Air District or Air District-specified Facility:* The participant must deliver the existing lawn mower to the air district or air district-specified facility. The air district or air district-specified facility must reject the existing lawn mower if it is deemed inoperative.

4. Replacement Lawn Mower Requirements. All replacement lawn mowers must meet the following requirements before a voucher is awarded to the participant:

- (A) *New, Cordless, Zero-Emission Electric Lawn Mower:* The replacement lawn mower must be a new, cordless, zero-emission electric lawn mower.

- (B) *Not Used for Credit Generation:* Only an electric lawn mower model that does not generate credit or participate in ARB's zero-emission equipment credit averaging, banking and trading program is eligible for funding.
- (C) *Purchase:* The replacement lawn mowers must be purchased from a participating air district, or a third party, participating manufacturer or participating merchant, as chosen by the implementing air district.

5. Air District Requirements. An air district implementing the program must meet the following requirements:

(A) *Add an addendum to the air district's Moyer Program Policies and Procedures:* An air district must create an addendum to its current Moyer Program Policies and Procedures (P&P's) describing their program within two (2) months after they begin implementation of the L&GE replacement program. Air districts are not required to submit this addendum to ARB but it must be available to ARB upon request.

(B) *Agreements:*

(1) An air district must have written agreements with both of the following parties:

- a. A hazardous waste materials disposal company.
- b. A recycling company.

The agreements can be included as part of the air district's agreements with the same entities for other Moyer Programs. The recycling company and the hazardous waste material company can be the same company.

(2) If an air district is working with either or both of the following parties,

- a. A cordless, zero-emission electric lawn mower manufacturer, or
- b. A cordless, zero-emission electric lawn mower merchant,

the air district must have a written agreement with that party. The agreement must include the requirements of subsection 6 (Participating Manufacturer Requirements) or 7 (Participating Merchant Requirements) of this chapter, as applicable, and Chapter 3: Program Administration, Section V. Minimum Contract Requirements, except for the following subsections: 6. Project Specifications, 7. Maintenance, 9. Reporting, and 11. Repercussions of Nonperformance - equipment operation requirement.

(C) *Third Party:* An air district may enter into an agreement with a third party to manage some of the air district's program requirements. The third party

must agree to comply with all L&GE replacement program requirements. The air district must train the third party on L&GE replacement program requirements and include an example of the agreement in its P&P's.

- (D) *Application:* Applications, at a minimum, must have the following information:
- (1) Information about the Applicant:
 - a. Name.
 - b. Mailing Address (including city, state, zip code).
 - c. Physical Address (if different from mailing address).
 - d. Phone Number.
 - e. Date of Application.
 - (2) Information about the Applicant's Existing Gasoline Lawn Mower:
 - a. Manufacturer (if known).
 - b. Model Year (if known).
 - c. Engine family (if known).
 - (3) Section for the applicant to certify the following information is accurate and true:
 - a. Existing gasoline lawn mower is operational.
 - b. Applicant resides in California.
 - c. Applicant currently owns and operates the gasoline lawn mower in California.
 - d. From the date of purchase, applicant intends to own and operate the new, cordless zero-emission electric lawn mower in California for a minimum of 36 months.
 - e. The information provided in the application is true and correct and meets the minimum requirements of the L&GE replacement program.
 - f. "I understand that an incomplete or illegible application may be immediately rejected, and I will be notified."

- a. Yearly amount funded.
 - b. Yearly number of mowers funded.
 - c. Yearly program administration costs.
 - d. Cordless, zero-emission electric lawn mower cost breakdown:
 - i. Amount air district paid to manufacturer.
 - ii. Amount air district pays from air district's local funds.
 - iii. Amount of any additional funds.
 - iv. Amount participant pays.
- (H) *Operational Condition of Existing Lawn Mower:* Air district or air district-specified facility must ensure that each existing lawn mower is in apparently operational condition. The air district or air district-specified facility must reject the existing lawn mower if it is deemed inoperative.
- (I) *Project Payment:* Air districts must include in their P&P's a detailed description of the process through which the air district provides payment to the cordless, zero-emission electric lawn mower manufacturer, merchant and/or applicant.
- (J) *Merchant Reimbursement Package:* Prior to receiving reimbursement, an air district-specified third party, participating manufacturer or participating merchant must submit a reimbursement package to the air district. The following documents should be included in the reimbursement package:
- (1) Invoice signed by the applicant that shows the final purchase price less the voucher award. In the case of an online merchant, the invoice does not have to be signed by the applicant.
 - (2) If a recycling code is used in addition to a voucher in order to purchase the lawn mower, the recycling code.
 - (3) The name and address of the participant.
- (K) *Lawn Mower Destruction Documentation:* All existing gasoline lawn mowers must be destroyed. Air districts must collect from their participating Recycling Companies signed receipts that show the number of lawn mowers destroyed.
- (L) *Audit and Monitoring:* Air districts must allow ARB to monitor their L&GE replacement program which may include audits of the air district's implementation of the program.

(M) *Meeting Environmental Justice (EJ) Requirements:* Air districts with environmental justice requirements shall not apply these requirements to the L&GE replacement application review until after each year of implementation. The air district must then review each project to determine if it helps to meet the air district's EJ requirements. If EJ requirements have not been met, then other Moyer Program funded projects will need to be used to fulfill this EJ requirement.

(N) Reporting in CARL: For liquidation reporting requirements the following information must be entered into the CARL database:

- (1) Total number of lawn mowers exchanged.
- (2) Date of the exchange of the final lawn mower.
- (3) Total amount of Moyer Program funds liquidated.
- (4) Date of liquidation of the final project.
- (5) The Moyer Program funding year.

(O) *Records Retention:* Air districts must retain all records of approved projects for a minimum of three years from the date of issuing the voucher. For rejected projects, air districts must maintain a copy of the application, the rejection letter, and method of notification for three years from the date the application was received.

6. Participating Manufacturer Requirements. Participating manufacturers' agreements must include the following information:

(A) *Covered Lawn Mowers:* Information about the cordless zero-emission electric lawn mowers covered by the agreement:

- (1) Lawn mower model name.
- (2) Lawn mower year of production.
- (3) Lawn mower cutting radius.
- (4) Lawn mower battery description (voltage).
- (5) Total number of cordless, electric lawn mowers covered by the agreement.
- (6) The cost of each cordless, electric lawn mower.
- (7) The total contract amount, or total contract amount not to exceed.
- (8) The date by which the work shall be completed.

- (9) Lawn mower warranty description.
- (B) *Manufacturer Qualifications:* A statement that the manufacturer meets the following minimum qualifications for participation in the L&GE replacement program, and shall continue to meet these qualifications throughout its participation in the L&GE replacement program.
 - (1) Manufacturer has had a valid business license for a minimum of the last two years.
 - (2) Manufacturer agrees to allow the air district or ARB to inspect cordless, zero-emission electric lawn mowers or audit program records covered under this agreement during normal business hours.
- (C) *Aftermarket Service:* A statement that the manufacturer shall provide aftermarket service to customers for defects in materials or workmanship as defined by the Terms and Conditions listed in the product warranty.
- (D) *Recalls:* A statement that as soon as reasonably possible, manufacturer shall notify the air district and individually notify any and all purchasers of equipment through this program of any recall of the lawn mower or any of its constituent parts ordered by manufacturer or by a government agency.
- (E) *Air District Does Not Warrant or Endorse Lawn Mowers:* A statement that the air district does not warrant or endorse the manufacturer's lawn mowers for any purpose, including materials, workmanship, merchantability or fitness for use. Nothing in the air district/manufacturer contract shall be construed as a warranty or endorsement.
- (F) *Averaging, Banking, and Trading Program Exclusion:* A statement that no emission reductions generated by the Moyer Program shall be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity. Therefore, electric lawn mower models included in the agreement are not generating credits by participating in ARB's zero-emission equipment credit averaging, banking, and trading program or any similar program.
- (G) *Return of Funds:* A statement that, should the manufacturer fail to show that they are implementing the program consistent with the L&GE replacement program requirements, the manufacturer or merchant shall return to the air district funds in proportion to any loss of emission reductions compared with the projected reductions of the agreement.

7. Participating Merchant Requirements. Participating merchants' agreements must include the following:

- (A) **Covered Lawn Mowers:** Information about the cordless, zero-emission electric lawn mowers covered by the agreement:
- (1) Lawn mower model name.
 - (2) Lawn mower year of production.
 - (3) Lawn mower cutting radius.
 - (4) Lawn mower battery description (voltage).
 - (5) Estimate of total number of cordless electric lawn mower units covered by the agreement.
 - (6) The cost of each cordless, electric lawn mower.
 - (7) The total contract amount, or total contract amount not to exceed.
 - (8) The date by which the agreement ends.
 - (9) Lawn mower warranty description.
- (B) **Merchant Qualifications:** A statement that the merchant meets the following minimum qualifications for participation in the L&GE replacement program, and shall continue to meet these qualifications throughout its participation in the L&GE replacement program.
- (1) Merchant has had a valid business license issued in California for a minimum of the last two years.
 - (2) Merchant agrees to allow the air district or ARB to inspect cordless, zero-emission electric lawn mowers or audit program records covered under this Agreement during normal business hours.
- (C) **Invoice:** A statement that the merchant shall show on the replacement lawn mower invoice the voucher amount. The receipt of voucher funds does not lower the base price of the lawn mower nor does it reduce the tax basis of the lawn mower, but is an incentive to the lawn mower owner that will result in a lower price paid by the participant.
- (D) **Average, Banking and Trading Program Exclusion:** A statement that no emission reductions generated by the Moyer Program shall be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity. Therefore, electric lawn mower models included in the agreement are not generating credits by participating in ARB's zero-emission equipment credit averaging, banking and trading program or any similar program.

- (E) *Return of Funds:* A statement that, should the merchant fail to show that they are implementing the program consistent with L&GE replacement program requirements, the manufacturer or merchant shall return to the air district funds in proportion to any loss of emission reductions compared with the projected reductions of the agreement.

8. Participating Recycling Company Requirements. Participating recycling companies' agreements must include the following:

- (A) *Destruction of Lawn Mowers:* A statement that the recycling company shall destroy the lawn mower and engine within 60 days of receipt such that the lawn mower is no longer operable or repairable.
- (B) *Receipt of Lawn Mower Destruction:* A statement that the recycling company shall notify the air district that a lawn mower is destroyed by sending the air district a signed receipt indicating the number of lawn mowers destroyed.

D. Emission Benefits

L&GE replacement provides emission benefits by providing lawn mower owners the incentivized option of purchasing a zero-emission lawn mower instead of a higher polluting gasoline lawn mower. Zero-emission lawn mowers are not required by regulation, so the emission benefits are surplus. Emission reductions are the difference in emissions from a new gasoline lawn mower engine and the emissions of a zero-emission lawn mower for the operational lifetime of the zero-emission lawn mower. The average operational lifetime of a replacement zero-emission lawn mower is estimated to be approximately 10 years. L&GE replacement project emission reductions are shown in Table 9-1.

**Table 9-1
Gasoline Lawn Mower Emission Reductions (lbs/yr)**

Model Year	ROG			NOx	PM10
	Exhaust	Evap	Total	Exhaust	Exhaust
2010	0.290	0.847	1.137	0.071	0.048

Appendix 12

CHAPTER 10: INFRASTRUCTURE

CHAPTER 10: INFRASTRUCTURE

Senate Bill 513 (Beall, Chapter 610, Statutes of 2015) provides the Air Resources Board's (ARB) Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) the ability to incorporate infrastructure projects into its program. It authorizes the funding of projects that enable the deployment of alternative, advanced, and cleaner technologies to support the State's air quality goals. Specifically, Health and Safety Code section 44281(c) gives ARB the ability to provide funding toward the installation of fueling or energy infrastructure to fuel or power covered sources. Statute does not require infrastructure projects to meet a cost-effectiveness threshold.

This chapter provides project criteria for selecting and funding infrastructure projects that enable emission reductions in meeting State and local air quality goals. All infrastructure projects must be used to fuel or power a covered source as defined by Health and Safety Code section 44275(a)(7). These covered sources include but are not limited to on-road, off-road, agricultural and marine vessel emission sources.

A. Funding

Air quality management districts or air pollution control districts (air districts) determine project priority and select projects funded within their region.

**Table 10-1
Maximum Percentage of Eligible Cost for Moyer Program Infrastructure Projects**

Maximum Percentage of Eligible Cost	Infrastructure Projects
50%	All Projects
60%	Publicly Accessible Projects
65%	Projects with Solar/Wind Power Systems ^(a)
75%	Publicly Accessible Projects with Solar/Wind Power Systems ^(a)
100%	Public School Buses - Battery Charging and Alternative Fueling

^(a) At least 50 percent of the energy provided to covered sources by the project must be generated from solar or wind.

B. Eligible Projects

Eligible projects are those that provide fuel or power to a covered source, and include, but are not limited to, the following:

- Battery Charging Station.** New, conversion of existing, and expansion to existing non-residential battery charging stations. (e.g. workplace charging, direct current fast chargers along freeway roadway corridors, long-term charging

at destination areas such as airports and shopping centers, and charging at distribution centers and warehouses).

2. **Alternative Fueling Station.** New, conversion of existing, and expansion to existing hydrogen and natural gas fueling stations.
3. **Stationary Agricultural Pump.** Pump electrification.
4. **Shore Power.** Shore-side electrification.
5. Additional projects may be considered on a case-by-case basis, such as residential battery charging stations for low-income and multi-unit dwellings, as well as infrastructure for transport refrigeration units and truckstop electrification. Please contact ARB Moyer staff for further guidance on these case-by-case projects.

C. Eligible Applicants

Public and private entities are eligible to apply unless otherwise stated. Public entities include but are not limited to State, metropolitan, county, city, multi-county special district (e.g. water district), school district, university, and federal agencies and organizations. Private entities include but are not limited to private organizations and corporations. Out of State applicants are eligible to apply provided that the infrastructure is situated in California.

D. Eligible Costs

Eligible costs are limited to the purchase and installation of the equipment for power delivery or fueling directly related to the infrastructure project. The eligible costs listed below must utilize commercially available technologies.

1. Eligible project costs include:

- (A) Cost of design and engineering, (i.e., labor, site preparation, Americans with Disabilities Act accessibility, signage).
- (B) Cost of equipment (e.g., charging/fueling units, electrical parts, energy storage equipment, materials).
- (C) Cost of installation directly related to the construction of the station.
- (D) Meter/data loggers.
- (E) On-site power generation system that fuels or powers covered sources (i.e., solar and wind power generation equipment).

2. Air districts have the option to fund the following discretionary costs:

- (A) Federal, sales, and other taxes.

- (B) Shipping and delivery costs.
- (C) Fees incurred pre-contract execution (i.e., permits, design, engineering, site preparation), license fees, environmental fees, commissioning fees (safety testing), and onsite required safety equipment.
- (D) Consulting fees associated with the preparation of Environmental Assessment, Environmental Impact Statement, Environmental Impact Report, or other California Environmental Quality Act (CEQA) documents, etc.

E. Ineligible Costs

Ineligible costs include but are not limited to:

1. Existing station upgrade.
2. Fuel and energy costs.
3. Non-essential equipment hardware.
4. Operation cost (e.g., operational fees, maintenance, repairs, improvements, spare parts).
5. Extended warranty.
6. Insurance.
7. Data collection and reporting.
8. Grantee administrative costs.
9. Travel/lodging.
10. Employee training and salaries.
11. Legal fees.
12. Real estate property purchases/leases.
13. Performance bond costs.
14. Construction management.
15. Storm water plan costs.
16. Security costs.
17. Testing and soil sampling.

18. Hazardous materials, including permitting, handling and disposal.

F. Project Eligibility Criteria

The minimum qualifications for infrastructure projects are listed below. All projects must also conform to the requirements in Chapter 2: General Criteria, and in Chapter 3: Program Administration. Participating air districts retain the authority to impose additional requirements to address local concerns.

1. General Criteria

- (A) The project must be installed and located in California.
- (B) The project must comply with all applicable federal, State, local laws and requirements including environmental laws, and State building, environmental and fire codes. For instance, air districts may need to perform CEQA review and obtain approval prior to funding a project.
- (C) A publicly accessible infrastructure project must be solicited and selected through a competitive bidding process that has been approved by the air district board.
- (D) Work must be performed by a licensed contractor.
- (E) For projects that contain Moyer Program funding for both infrastructure and engine replacement or repower within the same contract, only the cost of the engine replacement or repower will be considered when performing a cost-effectiveness calculation.
- (F) Publicly accessible station must at a minimum be accessible to the public daily during regular business hours.
- (G) Equipment and parts must be new. Remanufactured or refurbished equipment and parts are not eligible.
- (H) Except for stationary agricultural pump projects, a completed Uniform Commercial Code-1 Financing Statement Form must be submitted by the air district to the California Secretary of State for infrastructure projects with a grant funding amount of \$50K or greater. The financing statement must list the air district as the secured party.

2. Battery Charging Station

- (A) Chargers must be a level 2 and higher to support non-residential stations.
- (B) Publicly accessible light-duty charging stations must use a valid and universally accepted charge connector protocol (e.g. Society of Automotive Engineers (SAE), CHAdeMO).

(C) Charger must be certified by a Nationally Recognized Testing Laboratory (e.g., Underwriter's Laboratories, Intertek) located at <https://www.osha.gov/dts/otpca/nrtl/nrtllist.html>.

(D) Equipment must have at least a one year warranty.

3. Stationary Agricultural Pump. To be eligible for funding, infrastructure must directly power a zero-emission stationary agricultural pump funded by the air district with Moyer Program funds, including match (see Chapter 5 for specific criteria related to funding agricultural pumps).

4. Shore Power

(A) Funding is available to install shore-side electrical grid-based power at a berth that receives visits solely by vessels not subject to the control requirements of ARB's Shore Power Regulation (Title 17, California Code Regs., section 93118.3.).

(B) Shore-side projects meeting the eligibility criteria of the Goods Movement Program are eligible for Moyer Program funding only on a case-by-case basis. Moyer Program project funds cannot be co-funded with Proposition 1B Goods Movement Program funds.

5. Alternative Fueling Station. Equipment must have at least a three year warranty.

G. Applicant Requirements

1. General Criteria

(A) The applicant must be able to demonstrate to the air district that the applicant can obtain all required land use permits from agencies needed to install and operate the station.

(B) For a publicly accessible station, the applicant must provide a description of the geographic location, including an aerial map (i.e. satellite view from an internet based map or city/county map) and specific street address of the proposed station.

(C) Applicants must demonstrate that they either own the land on which the project will be located, or control it through a long-term lease, easement or other legal arrangement, for the duration of the project life. For a proposed project where the land is not owned by the applicant, an executed lease agreement or letters of commitment lasting for the duration of the project life must be signed by property owners/authorized representatives and must be submitted with the application.

- (D) Applicants must be able to provide documentation that power or fuel is being provided to the site (e.g. application, payment to the local utility company for power installation, or contract).

2. Shore Power

- (A) Applicants who own/operate at a terminal must submit a copy of the Initial Terminal Plan per Section (g) of ARB's Shore Power Regulation (Title 17, California Code Regs, section 93118.3). All subsequent project reports to air districts must include a copy of the terminal plan in order to evaluate compliance with the project contract.
- (B) Only a port authority, terminal operator, or marine vessel owner may apply to receive Moyer Program funding for a shore power project.

H. Project Life

1. All projects must have a minimum project life of three years.
2. Maximum project life is 15 years, except stationary agricultural pump electrification projects which have a maximum project life of ten years.

I. Contract Requirements

1. General Criteria

- (A) Contracts must include anticipated usage in terms of projected throughput and/or number of vehicles that will be using the station for the term of the contract.
- (B) Contracts must require that the equipment be in operating condition throughout the contract term.
- (C) Contracts must specify that publicly accessible infrastructure projects must maintain a 95 percent successful charging rate with 24/7 customer service available on site, via toll free telephone number. Contracts must also specify that if equipment is not functional, the grantee is responsible for ensuring that repairs are made and station is up and running within 48 hours. The grantee must notify air districts of any downtime beyond the 48 hours and work with air districts to ensure publicly accessible stations are operational.
- (D) For non-publicly accessible infrastructure projects, contracts must specify that if equipment is not functional, the grantee has 15 business days to report the problem to the air district and begin working with the air district promptly to ensure infrastructure equipment is operational.

- (E) Contracts must specify that, if during the project life the fuel/energy meter fails for any reason, the fuel/energy meter must be repaired or replaced as soon as possible and is considered a maintenance expense, therefore not an eligible cost.
- (F) Contracts must specify the maximum grant amount.
- (G) Contracts must identify milestone dates including project completion, invoice, and annual reporting dates.

2. Battery Charging Station

- (A) Contracts must include the number of ports and charging units.
- (B) Grantee must report all battery charging station installations to the Department of Energy Alternative Fuel Data Center located at <http://www.afdc.energy.gov/locator/stations/>.

3. Alternative Fueling Station. For hydrogen fueling stations, grantee must register and report to the Station Online Status System (SOSS) maintained by the California Fuel Cell Partnership (www.cafcp.org). In addition, grantee must abide by the requirements of the reporting system.

J. Post-Inspection

1. General Criteria

- (A) Air districts must verify and document that each infrastructure project is operational. Inspections must include verification of operation by connecting a vehicle or equipment to the charging or fueling station, or in the case of an agricultural pump or shore power project, by connecting to the electrical grid. For projects that incorporate solar or wind power, the inspection must verify that infrastructure has been installed and connected to the power generation equipment (i.e. solar panels or wind turbines). Air districts may be exempted from this requirement if the grantee does not own a vehicle/equipment, and no vehicle/equipment can reasonably be obtained for the inspection. Air districts must document such instances and obtain other types of verification that the infrastructure is capable of dispensing fuel/electricity, or in the case of an agricultural pump or shore power project, capable of being powered by the electrical grid.
- (B) Air district must take photos of the equipment and keep photos in the project file. At the minimum, the photos must include equipment manufacturers, model number, and serial number.

2. Battery Charging Station. Air district must document the following: Name of manufacturer, serial number and date of manufacture, amperage/voltage, and equipment recharge rate.

K. Invoice and Payment

A project may be considered for final payment once the necessary infrastructure has been installed and connected to the power generation equipment (i.e., solar panels, wind turbine) and/or electricity grid and has been demonstrated to the air district that it is fully operational during a post-inspection.

L. Data Collection and Annual Reporting

- 1. Solar or Wind Power Generating Equipment.** For infrastructure projects that incorporate solar or wind power generating equipment, the grantee must annually provide to the air district the amount of electricity generated (e.g. kilowatt-hour) from the solar or wind power generating equipment for the duration of the project life.
- 2. Battery Charging Station.** Grantee must annually provide to the air district the following data for the entire project life:
 - (A) Qualitative description of public and private uses.
 - (B) Annual usage per charger (e.g., kilowatt-hour) and the number of plug-in events.
 - (C) Any unscheduled downtime, including duration of downtime and causes of downtime.
- 3. Stationary Agricultural Pump.** Grantee must annually provide to the air district the following data for the entire project life:
 - (A) Annual usage (e.g., kilowatt-hour) using an energy meter.
 - (B) Episodes of electrical service interruption by the local utility company.
- 4. Shore Power.** Grantee must annually provide to the air district the following data per berth for the entire project life:
 - (A) Total ship visits utilizing berth and ship visits utilizing program funded equipment.
 - (B) Annual usage (e.g., kilowatt-hour).
 - (C) Episodes of electrical service interruption by the local utility company.
- 5. Alternative Fueling Station.** Grantee must annually provide to the air district the following data for the entire project life:
 - (A) Annual usage (e.g., kilograms, standard cubic feet).

- (B) Any unscheduled downtime, including duration of downtime and causes of downtime.

Appendix 13 **FARMER Program MOU and Policies
and Procedures**

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
AND THE _____
FARMER PROGRAM
FISCAL YEAR 2017-18 APPROPRIATION**

WHEREAS; California's agricultural industry consists of approximately 77,500 farms and ranches, providing over 400 different commodities, making agriculture one of the State's most diverse industries. Producers, custom operators, first processors, and rental companies own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, and on-road vehicles used in agricultural operations. Even with increasingly more stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions is necessary to meet federal ozone and particulate matter air quality standards.

WHEREAS; In recognition of the strong need and this industry's dedication to reducing their emissions, the State Legislature allocated \$135 million to the California Air Resources Board (CARB) from Fiscal Year (FY) 2017-18 through Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017). The Legislature directed the use of the monies to "reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations."

WHEREAS; CARB has created a Shared Allocation Pool of funding that is specifically designated for the 18 Air Quality Management and Air Pollution Control Districts (Districts) with less than one percent of the statewide agricultural equipment emissions inventory, to ensure farmers in those Districts have the opportunity to access FARMER funding and to streamline the implementation of the FARMER Program.

WHEREAS; the Pool will be managed by Placer County Air Pollution Control District (Placer APCD) and the California Air Pollution Control Officers Association (CAPCOA) in accordance with the grant provisions outlined in the agreement between the California Air Resources Board (CARB) and Placer APCD and provisions outlined in the subsequent agreement between CAPCOA and Placer APCD.

WHEREAS; _____ District (District) would like to participate within the FARMER Program;

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

Section I Terms and Conditions

1. **Participation in the Program.** The District agrees to abide by any applicable terms and commitments of the Placer County FARMER Policies and Procedures Manual (PPM), as attached hereto as Exhibit A and as may be amended from time to time, and agrees to all applicable provisions within the FARMER Program Guidelines, including all oversight responsibilities identified in the Farmer Program Guidelines, any future Program Advisories and Mail-Outs, developed by CARB, which can be found at: <https://ww2.arb.ca.gov/our-work/programs/farmer-program>
2. **Project Fund Requirements.** Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related expenses necessary to implement FARMER Program-eligible projects as described in the two documents referenced in Section 1.
3. **Submittal of Applications.** The District will provide CAPCOA with application(s) for consideration for funding. Regardless of source of application (Moyer RAP, District submitted, new submission), equipment quotes may be no more than 6 months old at time of application. Equipment quotes may be updated at the request of the District, the applicant or CAPCOA if a substantial change in price has occurred or if the applicant would like to update their application. Project applications must include documentation of existing engine usage, such as miles traveled, hours operated, fuel consumed per year, or maintenance records, for 24 months or as specified in the FARMER guidelines by source category.
4. **Agreement with Project Selection Criteria.** The District understands and agrees to the project selection process described within the PPM as attached.
5. **Project Funding.** Placer APCD will only fund projects after the Districts demonstrate they have properly established the FARMER program and upon execution of this Agreement.
6. **Contracts with Project Awardees.** The District will enter into written contracts with project applicants that require compliance with project fund requirements, as well as all other requirements within this Agreement.
7. **Program Inspection Requirements.** A pre-inspection, post-inspection, and verification of destruction inspection must be completed prior to funding a project, when applicable as described within the PPM. An Inspection Report shall be used to document such inspections. All inspection reports and photos will be maintained in the project file both digitally and in hard copy. Digital photos will be kept in the .jpeg file format and hard copy photos will be in color and be no less than a quarter sheet of paper in size. Photos should be clear and legible to the best extent possible.
8. **Program Reporting Requirements.** Participating Districts are required to provide Placer APCD with quarterly updates on all projects funded through the FARMER Program. CAPCOA and Placer APCD will collaborate to create a reporting template for participating Districts, which should include the

implementation status of any FARMER projects awarded funding, along with any implementation costs. These updates will be facilitated by CAPCOA at least 45 days prior to Placer APCD's quarterly reporting deadline to CARB.

Participating Districts are also required to report information on all projects funded through the FARMER Program on an annual basis, if those projects last over one year, consistent with the PPM. Districts are required to report project information in the FARMER Benefits Calculator Tool. More specifically, reported information must be sufficient to populate the required data fields and to calculate covered emission reductions and cost-effectiveness for equipment types where required. Districts will ensure the reported information is complete, correct, and supported by documentation. See the PPM for more reporting requirements.

9. Successful Project Implementation. The participating District must take appropriate action to ensure emission reductions are realized for engines, equipment, vehicles, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract, when average usage over a three year period for a contracted engine, equipment, or vehicle is less than 70 percent of the activity required in the contract, the District may choose, but is not limited to, the options listed within the PPM to address any underutilization.
10. Program Outreach and Solicitation. In coordination with Placer APCD and CAPCOA, participating Districts will be responsible for creating outreach materials and conducting public outreach regarding the FARMER Program as described in the PPM. Public outreach may be conducted to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities, if such communities are located within the District. Outreach could include the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers. Content of materials could include, but are not limited to, information on program availability, application materials, and pertinent deadlines.
11. District Matching Funds. Funds other than Moyer Program grant funds and AB 923 funds may be used to co-fund FARMER Program eligible projects, when all program criteria associated with each funding source are met. Funding sources, eligibility of funds, and co-funding procedures can be found in the CARB Moyer Guidelines.
12. Redirection of Funds. CARB and Placer APCD reserve the right to redirect funds from a participating District and reallocate such funds to other Districts, if a District informs Placer APCD in a written letter that it will not be able to meet expenditure deadlines, or if it is found that the approved project did not meet funding requirements.
 - a. In the event of non-performance or termination, CARB and Placer APCD shall require full recovery of the unspent funds by transfer upon the participating District's accounts. The District must provide fund transfer information within 45 days upon receipt of notice.
 - b. In no event shall the participating District receive reimbursement for costs that exceed the maximum project implementation funding amount. Any

project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be immediately returned to Placer APCD.

13. Availability of Documentation. All documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, Placer APCD, or their designee. These records must be retained for the life of the projects funded under this grant. Participating Districts must mail original copies of project applications with "wet" signatures in blue ink to the Placer APCD Liaison. Requests for payment must be made consistent with FARMER Guidelines and this PPM and include all documentation required by CAPCOA and Placer APCD. After the initial grant disbursement request, the participating Districts must include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds with each subsequent grant disbursement request. Backup documentation for administrative funds may include items listed in the PPM.
14. Maintenance of Grant Funds by District. Participating District shall place all received funds in an interest-bearing account and track interest accrued as described in Section XV, Interest Accrual. Participating Districts are highly encouraged to expend all funds within 12 months of receipt. The participating District must maintain accounting records (e.g., general ledger) that track interest earned, expended, or returned on the project funds, as specified in the PPM.
15. Invoicing procedure. After contract execution and once conditions for funding are met, the program participant must submit an original invoice requesting payment, including copies of all associated invoices related to project expenditures. Other specifics about invoicing must be followed as described in the applicable Section of the PPM.
16. Accounting Records Maintenance. The participating District must maintain accounting records (e.g., general ledger) that track interest earned, expended, or returned on the project funds, as described within the applicable Section of the PPM.
17. Disputes. If any dispute arises about the analysis used to select projects, they shall first be attempted to be resolved between the APCO of the District and Placer County APCD. The District shall continue with the responsibilities under this grant agreement during any dispute. District staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this grant agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
18. Computer Licenses. The District certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this grant agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

Section II CARB Flow Down Provisions

1. **CARB Termination.** CARB reserves the right to terminate the FARMER Program upon thirty days written notice to Placer APCD. If this occurs, Placer APCD will immediately notify the District, who must return remaining funds, including any earned interest, immediately.
2. **CARB Grant Suspension Order.** CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. If Placer receives such an order, it will notify the District and the grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the District chooses to continue work on the project after receiving a grant suspension order, the District will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB at its sole discretion will reimburse Placer APCD for any expenses incurred by the participating districts during the suspension that CARB deems reimbursable in accordance with the terms of the grant.
3. **Right to Audit.** CARB or its designee, including but not limited to Placer APCD, reserve the right to audit at any time during the duration of this grant the Districts' costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Districts shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
4. **Fraud.** CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a District, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.
5. **Availability of Funds.** CARB and Placer APCD's obligations under this grant agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the District or to furnish any other considerations under this grant agreement.
6. **State Audits.** The District agrees that CARB, the Department of General Services, Department of Finance, State Controller's Office, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this grant and all State funds received. The District agrees to maintain such records for possible audit for the life of the projects funded

under this grant, unless a longer period of records retention is stipulated. The District agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the District agrees to include similar right of the State to audit records and interview staff in any subgrant or subcontract related to performance of this agreement.

Section III General Provisions

1. **Amendment**: No amendment or variation of the terms of this grant agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the grant agreement is binding on any of the parties.
2. **Assignment**: This grant is not assignable by the District, either in whole or in part, without the consent of CARB in the form of a formal written amendment.
3. **Compliance with law, regulations, etc.**: The District agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and State laws, rules, guidelines, regulations, and requirements.
4. **Confidentiality**: Except as otherwise required by law, no record which has been designated as confidential by CARB, CAPCOA, or Placer APCD shall be disclosed by the District.
5. **Conflict of interest**: The District certifies that it is in compliance with applicable State and/or federal conflict of interest laws. The District may have no interest, and must not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the tasks described herein. The District must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties throughout the grant term. CARB may consider the nature and extent of any actual, apparent, or potential conflict of interest in the District's ability to perform the grant. The District must immediately advise CARB and Placer APCD in writing for any potential new conflicts of interest throughout the grant term.
6. **Environmental justice**: In the performance of this grant agreement, the District shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
7. **Fiscal management systems and accounting standards**: The District agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this grant agreement. Unless otherwise prohibited by State or local law, the District further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.

8. Force majeure: Neither Placer APCD nor the District shall be liable for or deemed to be in default for any delay or failure in performance under this grant agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.
9. Governing law and venue: This grant is governed by and shall be interpreted in accordance with the laws of the State of California, Placer APCD and the District hereby agree that any action arising out of this grant agreement shall be filed and maintained in the Superior Court in and for the County of Placer, California, or in the United States District Court in and for the Eastern District of California. The District hereby waives any existing sovereign immunity for the purposes of this grant agreement.
10. District's responsibility for work: The District shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The District shall be responsible for any and all disputes arising out of its contract for work on the Project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate District disputes concerning responsibility for performance of work.
11. Indemnification: The District agrees to indemnify, defend and hold harmless Placer APCD and its Board, officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the District, and out of the operation of equipment that is purchased with funds from this grant award.
12. Independent Contractor: The District, and its agents and employees, if any, in their performance of this grant agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
13. Nondiscrimination: During the performance of this grant agreement, the District and its third party entities shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), sexual orientation, marital status, or allow denial of family care leave, medical-care leave, or pregnancy-disability leave. The District and its third party entities shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The District and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The District and

its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. **The District shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this grant agreement.**

14. No Third Party Rights: The parties to this grant agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this grant agreement, or of any duty, covenant, obligation or undertaking established herein.
15. Personally Identifiable Information: Information or data, including, but not limited to, records that personally identify an individual or individuals are confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The District must safeguard all such information or data which comes into their possession under this agreement in perpetuity, and must not release or publish any such information, data, or financing assistance records.
16. Prevailing wages and labor compliance: If applicable, the District agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the District shall monitor all agreements subject to reimbursement from this grant agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
17. Professionals: For projects involving installation or construction services, the District agrees that only licensed professionals will be used to perform services under this grant agreement where such services are called for and licensed professionals are required for those services under State law.
18. Severability: If a court of competent jurisdiction holds any provision of this grant agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.
19. Termination: Placer APCD may terminate this grant agreement by written notice at any time prior to completion of projects funded by this grant agreement, upon violation by the District of any material provision after such violation has been called to the attention of the District and after failure of the District to bring itself into compliance with the provisions of this grant agreement.
20. Timeliness: Time is of the essence in this grant agreement. The District shall proceed with and complete the Project in an expeditious manner.
21. Waiver of Rights: Any waiver of rights with respect to a default or other matter arising under the grant agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this grant agreement are in addition to any other rights and remedies provided by law.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

DISTRICT

PLACER AIR POLLUTION CONTROL
DISTRICT

_____, APCO

Erik White, APCO

Date

Date

Exhibit A
FARMER Participating District Policy and Procedures Manual

**Funding Agricultural Replacement Measures for
Emission Reductions (FARMER)
Shared Allocation Pool
Policies and Procedures Manual**

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I. Program Overview

California's agricultural industry consists of approximately 77,500 farms and ranches, providing over 400 different commodities, making agriculture one of the State's most diverse industries. Producers, custom operators, first processors, and rental companies own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, and on-road vehicles used in agricultural operations. Even with increasingly stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions is necessary to meet federal ozone and particulate matter air quality standards.

In recognition of the strong need and this industry's dedication to reducing their emissions, the State Legislature allocated \$135 million to the California Air Resources Board (CARB) from Fiscal Year (FY) 2017-18 through Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017). The Legislature directed the use of the monies to "reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations." CARB staff has developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature's objectives and help meet the State's criteria, toxic and greenhouse gas (GHG) emission reduction goals. The FARMER Program Guidelines discuss the funding allocations for air districts, eligible project categories and criteria, program implementation details, and the justification for these investments.

The Shared Allocation Pool is specifically designated for the 18 Air Quality Management and Air Pollution Control Districts (Districts) with less than one percent of the statewide agricultural equipment emissions inventory, to ensure farmers in those Districts have the opportunity to access FARMER funding and to streamline the implementation of the FARMER Program. The Pool will be managed by Placer County Air Pollution Control District (Placer APCD) and the California Air Pollution Control Officers Association (CAPCOA) in accordance with the grant provisions outlined in the agreement between the California Air Resources Board (CARB) and Placer APCD and provisions outlined in the subsequent agreement between CAPCOA and Placer APCD. It should be noted that while Placer APCD will act as the overseer of this program, CARB may terminate this grant upon thirty days' written notice to Placer APCD, as stated in the Grant Agreement. CARB also reserves the right to audit Placer APCD at any time throughout the duration of this grant.

The pooled funding consists of \$4.8 million for equipment and project related costs and \$752,000 for project implementation costs.

II. Roles and Responsibilities

Placer APCD will act as the program overseer for the Shared Allocation Pool and will be responsible for program development, such as developing application materials. Placer APCD will not impose any program requirements that are more stringent than those specified in the FARMER Program Guidelines and Mail-Outs. Placer APCD will enter into independent contracts with participating Districts and will inform CAPCOA as Districts have entered into such contracts.

CAPCOA will initiate evaluation of project applications and will recommend eligible projects for funding only to Districts that meet the minimum requirements for participation (see Section IV, Requirements for Participation). Placer APCD will review the list of recommended projects for accuracy and cost-effectiveness and will contact participating Districts regarding project awards.

Once the selection process has been completed and the participating District chooses to accept the project, the full responsibility for the project contract, project completion and related responsibilities as contained in the relevant guidelines rests solely with the participating District, not with CAPCOA or Placer APCD. This includes notification to the applicant of the award and providing the applicant with a timeline for project execution and completion. Project funding is provided directly to the participating District by Placer APCD.

Placer APCD will be responsible for ensuring projects are adequately monitored in regards to the expenditure of funds. Placer APCD will also maintain project records and meet with CARB quarterly to review progress.

III. Program Timeline

Placer APCD will enter into independent contracts with participating Districts and will inform CAPCOA as Districts have entered into such contracts. Districts must enter into such contracts before their project(s) may receive funding, but they may submit project applications for review by CAPCOA before such a contract is complete.

Project applications must be received by CAPCOA no later than November 30, 2018 to be considered for first round funding. On or before January 15, 2019, CAPCOA will provide a list of projects recommended for immediate funding to Placer APCD.

Project applications must be received by CAPCOA no later than March 15, 2019 to be considered for second round funding. On or before May 1, 2019, CAPCOA will provide a list of projects recommended for second-round funding to Placer APCD.

On or before June 1, 2020, if necessary, CAPCOA will provide a final list of recommended projects to Placer APCD obligating any remaining funding.

The FY 2017-18 FARMER Program funds must be disbursed by CARB to Placer APCD no later than May 30, 2021 and funds must be liquidated by the participating District no later than June 30, 2021. Final disbursement requests from Placer APCD must be received by CARB no later than March 30, 2021 to ensure adequate time for processing prior to the end of the fiscal year.

Funds not liquidated by June 30, 2021 must be returned by August 15, 2021. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.

IV. Requirements for Participation

A. Eligible Air Districts

Any of the following 18 Districts may participate in the FARMER Shared Allocation Pool with Placer APCD:

Amador County APCD
Antelope Valley AQMD
Calaveras County APCD
El Dorado County AQMD
Great Basin Unified APCD
Lake County AQMD
Lassen County APCD
Mariposa County APCD
Mendocino County AQMD

Modoc County APCD
Mojave Desert AQMD
North Coast Unified AQMD
Northern Sierra AQMD
Northern Sonoma County APCD
Placer County APCD
Shasta County AQMD
Siskiyou County APCD
Tuolumne County APCD

Participating Districts on the above list must enter into contracts with Placer APCD in order for projects to be eligible for funding, but they may submit applications before such contracts are complete in order to expedite the review process. Districts must have approved 2017 Carl Moyer Program Policies and Procedures for the category of equipment in their application to receive an award.

B. Contract Development between Placer APCD and Participating Districts

Each of the Districts that participate in this Program will be required to enter into a contract with Placer County APCD. These contracts must be executed pursuant to each District's own rules, which could allow for the APCD to sign, or require District Board Approval. Contract provisions will require that Districts are responsible for the successful implementation of the Program pursuant to this Manual, and will be subject to many of the terms and limitations of the Agreement between Placer APCD and CARB.

C. Contract Development between a Participating District and Project Applicants

Except as otherwise stated in the most current Carl Moyer and FARMER Program Guidelines and any subsequent modules or Mail-Outs, participating Districts will be required to execute contracts with prospective grantees who will receive funds under the FARMER Program. All FARMER Program contracts must be consistent with the applicable guidelines and this Policies and Procedures Manual and must be substantive enough to fulfill all applicable guideline requirements.

V. Project Categories

Eligible projects will include those found in the most recent Carl Moyer Program Guidelines (Moyer Guidelines) and FARMER Guidelines, including any subsequent modules and Mail-Outs (FARMER Guidelines). This includes any subsequent modules released for the FARMER or Carl Moyer Programs. Furthermore, while the current FARMER Guidelines provide a list of eligible project categories (i.e., Carl Moyer Program-eligible agricultural

projects; the Zero-Emission Agricultural UTV Project; and the Ag Trade-Up Pilot Project in the San Joaquin Valley), CARB may choose to expand this initial list as innovative, new project categories are explored. Projects categories that are added by CARB will be eligible and District staff are encouraged to keep up-to-date with new project categories if and when they are released.

Projects will not be limited by category or geographic location. The goal will be to provide at least one project to each interested District and to promote funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016) where applicable. However, it is recognized that the number of projects currently eligible for funding within or benefiting these types of communities may be limited in some Districts. Therefore, while projects that benefit these households and communities are highly encouraged, it is not a funding requirement that FARMER projects do so.

A. Heavy-Duty Agricultural Trucks

Due to the seasonal nature of the agricultural industry, heavy-duty agricultural trucks do not typically accrue many miles, which may limit incentive funding levels for these projects through traditional incentive funding mechanisms. Additionally, many specialty trucks used in agricultural operations are more expensive due to the specialized equipment they contain. CARB staff have worked with air districts, industry representatives, and other stakeholders to develop this category that provides additional incentives necessary to help owners and operators of agricultural trucks to turn over their older heavy-duty on-road and specialty agricultural trucks.

With the exceptions of the eligibility requirements, as outlined below and in ARB's Additional FARMER Categories Mail-Out (9/24/2018)¹, participants in this project category must meet all other applicable requirements for heavy-duty trucks in the FARMER Program Guidelines, 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs.

Existing Agricultural Truck Requirements:

- Existing equipment must currently be in compliance with CARB's Truck and Bus Regulation and be registered in the TRUCRS Reporting program under one of the following provisions:
 - Agricultural Vehicle Extension²
 - Low mileage agricultural vehicles shall continue to be exempt from the requirements of 13 CCR 2025(f) and (g), so long as they do not exceed: (A) 15,000 miles in a compliance year from January 1, 2017 through January 1, 2020; and (B) 10,000 miles in a compliance year from January 1, 2020 through January 1, 2023.
 - Low-Use Exemption³
 - Low-use vehicles as defined in section 13 CCR 2025(d)(40) are exempt from the requirements of section 13 CCR 2025(e) but the owner must meet reporting and record keeping requirements in accordance with sections 13 CCR 2025(r)(12) and 2025(s).

¹ <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

² For the full requirements of CARB's Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(2).

³ For the full requirements of CARB's Low-Use Exemption refer to 13 CCR 2025(p)(4).

- “Low-use Vehicle” means: (A) A vehicle that is operated fewer than 1,000 miles within the borders of California in the compliance year, or (B) Until January 1, 2020, a vehicle that is operated fewer than 5,000 total miles, regardless of where it is operated, in the compliance year.
- Specialty Agricultural Vehicle Extension⁴
 - Specialty agricultural vehicles, as defined in section 13 CCR 2025(d)(55), are exempt from the requirements of sections 13 CCR 2025(f), 13 CCR 2025(g), 13 CCR 2025(h) and 13 CCR 2025(i), until January 1, 2023.
- Trucks following the Engine Model Year Schedule⁵ of the Truck and Bus Regulation, and that have an engine with a model year of 2007 or newer.

It should be noted that for participants required to meet a compliance deadline by January 1, 2023, participants' replacement vehicles must be in operation by December 31, 2019 in order for their project to be complete by the compliance deadline and for emissions reductions under the FARMER program to be considered “surplus.”

Replacement Agricultural Truck Requirements:

- Replacement trucks must meet 2010 emission standards of 0.20 g/bhp-hr NOx.
- Replacement trucks must be purchased from a California dealership—no private party transactions are permitted.
- Replacement trucks must have a GVWR of 14,001 pounds or greater.
- Replacement used trucks must have less than the miles indicated below on the odometer:
 - Class 8 with a GVWR of 33,001 pounds or greater must have less than 650,000 miles
 - Class 7 with a GVWR of 26,001 – 33,000 pounds have less than 350,000 miles
 - Class 4-6 with GVWR of 14,001 – 26,000 pounds have less than 25,000 miles
- All replacement new trucks are subject to the warranty requirements in the 2017 Carl Moyer Program Guidelines.
- Replacement used trucks are not subject to warranty requirements, but the participant must ensure that the truck remains in operation for the life of the contract.

Eligible Costs:

- This project category would provide incentives for up to 65% of the eligible cost of a new heavy-duty agricultural truck as described in FARMER Guidelines and additional project categories. There are no cost-effectiveness requirements for this project category.
- Upgrades to new trucks that add to the cost of the truck may be eligible for funding upon determination of the participating District. Otherwise, FARMER funding may only be used to fund the 'base model' that will serve the same function as the older truck.
- Replacement trucks must comply with the requirements and standards described in the September 24, 2018 FARMER Program Additional and Modified Project

⁴ For the full requirements of CARB's Specialty Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(11).

⁵ For the full requirements of CARB's Engine Model Year Schedule, refer to 13 CCR 2025(f) for vehicles with a GVWR 26,000 lbs or less or refer to 13 CCR 2025(g) for vehicles with a GVWR greater than 26,000 lbs.

Categories Mail-Out from CARB⁶.

- Glider kits do not qualify as replacement trucks under this project category.

Project Life:

- The maximum project life for heavy-duty agricultural trucks is 7 years.
- The minimum project life for heavy-duty agricultural trucks is 3 years.
- A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the participant's contract, as described in Section VIII.A of this document.

Reporting Requirements:

Participants must report annually to the participating District with basic information on the new truck for the project life. This information will be specified in the applicant's contract with the participating District and could include, but is not limited to:

- Current odometer reading,
- Location of new truck,
- Records of any service/maintenance performed since the last report.

B. Zero-Emission Agricultural Utility Terrain Vehicles (UTV) Projects

Zero-emission Ag UTV Projects may be executed using either a contract with the applicant or a voucher, as described in the modification provided in the September 24, 2018 Mail-Out from CARB⁷. If the voucher modification is used, requirements for pre- and post-inspections related to UTV projects are eliminated. These inspections are still required if the District chooses to use a contract. A Certification of Destruction from the dismantler or other documentation confirming that the old UTV was rendered permanently inoperable is required under either method.

In addition to vehicle eligibility criteria and participant requirements outlined in the FARMER Guidelines and subsequent Mail-Outs, the following information should be taken into account when considering Zero Emission Ag UTV Projects.

Existing Equipment Requirements:

- Existing equipment must be a self-propelled all-terrain vehicle (ATV) or utility terrain vehicle (UTV).
- Existing equipment must be powered by a compression-ignition engine (diesel) or spark-ignition engine (gasoline).
- Existing equipment must be operational and in-use at the time application is submitted.

Application:

Applicant must provide information on the existing and new UTVs to the best of their ability. Application information should include, at a minimum:

⁶ <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

⁷ <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

- Applicant name, contact information, and mailing address
- Existing equipment information
 - Equipment address
 - UTV make
 - UTV model
 - UTV model year
 - UTV VIN
 - Annual operation hours
 - Engine make
 - Engine model
 - Engine model year
 - Engine serial number
 - Horsepower rating
 - Fuel type
 - Engine tier
- Documentation of ownership, showing that the participant has been the sole owner of the existing equipment for the previous 24 months.
- Dealership contact information for the replacement equipment (e.g., name, address, phone number)
- Replacement equipment information
 - UTV make
 - UTV model
 - UTV model year
 - Horsepower rating
 - Total cost
- Dated and itemized quote for the replacement equipment
- A manufacturer's specification data sheet for the replacement equipment

Eligible Costs:

- This project category would provide incentives for up to 75% of the eligible cost of a new zero-emission UTV as described in FARMER Guidelines.
- Eligible costs may include base vehicle, roof, windshield, or doors as well as an extended warranty. Eligible costs do not include attachments such as winches, storage bins, plows, cab heaters, or additional batteries.

Project Life:

- The required project life for Ag UTVs is 3 years.
- A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the participant's contract, as described in Section VIII.A of this document

Reporting Requirements:

Participants must report annually to the participating District with basic information on the new equipment for the project life. This information will be specified in the applicant's contract with the participating District and could include, but is not limited to:

- Current hour meter reading,

- Current odometer reading,
- Location of new UTV,
- Records of any service/maintenance performed since the last report.

VI. Solicitation of Applications

A. CAPCOA Website Content

In coordination with Placer APCD and CARB, CAPCOA will create a webpage providing useful information for participating Districts and applicants within those Districts. Webpage information may include, but is not limited to, the following:

- FARMER project application;
- Outreach and education materials;
- Eligibility requirements;
- Terms and conditions;
- Links to relevant guidelines;
- Frequently asked questions; and
- Contact information.

B. Participating District Efforts

Participating Districts will be responsible for outreach efforts beyond those of the CAPCOA webpage. This could include creating outreach materials and conducting public outreach regarding the FARMER Program.

Public outreach may be conducted to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities and to low-income households and communities. Outreach could include, but is not limited to, the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers. Content of materials could include, but is not limited to, information on program availability, application materials, and pertinent deadlines.

VII. Submission and Review of Applications

A. Application Submission

Project applications must be consistent with this Policies and Procedures Manual, as well as the contract between the participating District and Placer APCD. Regardless of source of application (Moyer RAP, District submitted, new submission), equipment quotes may be no more than 6 months old at time of application. Equipment quotes may be updated at the request of the District, the applicant or CAPCOA if a substantial change in price has occurred or if the applicant would like to update their application.

Project applications must include documentation of existing engine usage, such as miles traveled, hours operated, fuel consumed per year, or maintenance records, for 24 months or as specified in the FARMER guidelines by source category. This information will be used to evaluate project cost-effectiveness.

Participating Districts may provide CAPCOA with applications for consideration for funding by email.

B. Application Review

Upon finalization of agreement between CAPCOA and Placer County APCD to administer the FARMER Program, CAPCOA will independently evaluate each application submitted using the following procedure during each of the three funding rounds:

- **For applications submitted to the Carl Moyer Rural Assistance Program (RAP) 19 and 20 Cycle**
 - a. Review current Moyer RAP oversubscription list for Year 19 and 20 and select projects eligible for FARMER funds from Districts in the Shared Allocation Pool. Request updated information for applications as necessary.
 - b. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
 - c. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.
- **For applications submitted to the Carl Moyer Year 20 Cycle Oversubscription**
 - a. Review unfunded project applications from the most recent Moyer Year 20 and select projects eligible for FARMER funds from Districts in the Shared Allocation Pool. Request updated information for applications as necessary.
 - b. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
 - c. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.
- **New FARMER Solicitation**
 - a. Advertise new FARMER solicitation to participating Districts through website plus local outreach to eligible applicants from Districts.
 - b. Accept project applications from participating Districts. Review project applications, request additional information as needed, enter into applicable tracking system, etc.
 - c. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
 - d. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.

VIII. Process and Schedule for Project Selection

A. Ranking Projects for Selection

Among other factors, projects will be awarded based on cost effectiveness. To determine cost effectiveness for ranking purposes, projects will initially be assigned a 5-year project life, or the maximum possible project life allowed by regulatory deadlines.

Projects with funding costs in excess of \$135,000 may be excluded if two or more projects in the District can be funded with that level of funding. However, these projects may still be funded based on a number of factors, including but not limited to:

- projects that deal with a unique equipment type;
- projects that benefit disadvantaged communities and/or low-income households or communities, consistent with AB 1550;

- projects that have high cost-effectiveness;
- projects that have a documented high rate of operation;
- projects that benefit sensitive receptors such as K-12 schools;
- projects that address a local need.

B. Project Recommendations

All applicants recommended for funding will be contacted by CAPCOA or the participating District to determine if they are still viable projects prior to submission to Placer APCD for consideration.

Maximum funding amounts for the Carl Moyer Program-eligible projects will be based on the Moyer guidelines for the specified project category. Maximum funding amounts for the non-Moyer project categories (e.g., ag UTVs, the new ag truck category, and Trade-Up) will be based on a percentage of the vehicle/equipment/engine/repair cost, as outlined in the FARMER Guidelines.

Up to 10 percent of the available funding in each funding round will be reserved for:

- Agricultural pump electrification and infrastructure projects as described in the Moyer Guidelines,
- Heavy-duty agricultural vehicles (as defined in CARB's Truck and Bus Regulation), and
- Project categories that are not Moyer-eligible but are otherwise eligible for funding under the FARMER Program Guidelines (e.g. Zero-Emission Agricultural UTVs), including any future Program Advisories and Mail-Outs.

These projects will be ranked based on cost-effectiveness, ability to benefit disadvantaged communities and low-income households or communities, and ability to aid in geographic equity among participating Districts and will be funded in that order. It should be noted that while these projects may not necessarily have a cost-effectiveness cap, cost-effectiveness values will be calculated for ranking purposes. Projects will continue to be subject to any funding caps or other requirements as described in the Moyer and FARMER Guidelines.

Projects will be funded until the full 10% allocation is expended or until there are no more eligible projects to fund, whichever comes first. If there are not enough projects to fully allocate the 10% reserve, any remaining funds will be rolled back into the general fund for Moyer-eligible projects. CAPCOA shall provide lists of recommended projects to Placer APCD in three rounds, per the schedule below:

Round 1

Project applications must be received by CAPCOA no later than November 30, 2018 to be considered for first round funding.

On or before January 15, 2019, CAPCOA will provide a list of projects recommended for immediate funding to Placer APCD. Round 1 funding will preferentially go to projects with a cost effectiveness of less than or equal to \$30,000/ton of emissions reductions, but the following criteria will also be taken into consideration:

- a. Projects are located within and benefitting disadvantaged communities and low-

income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable.

- b. Projects aid in achieving geographic equity among participating Districts.

Placer APCD will aim to fund projects with the highest cost effectiveness first, until 60% of available funds are expended or until there are no more eligible projects to fund, whichever comes first.

Round 2

Project applications must be received by CAPCOA no later than March 15, 2019 to be considered for second round funding.

On or before May 1, 2019, CAPCOA will provide a list of projects recommended for second-round funding to Placer APCD. CAPCOA will attempt to obligate all available project funds in this second round by recommending projects based on the following criteria:

- a. Projects are located within Districts that were not recommended for at least one award in Round 1. These projects will be funded in order of most to least cost-effective.
- b. Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable. These projects will be funded in order of most to least cost-effective.
- c. Projects aid in achieving geographic equity among participating Districts.

Round 3

On or before June 1, 2020, if necessary, CAPCOA will provide a final list of recommended projects to Placer APCD obligating any remaining funding. Project solicitation will be ongoing and will continue until this list can be provided.

Projects recommended for Round 3 funding will be chosen through a similar procedure as that for Round 2. Namely, recommended projects will be based on the following criteria:

- a. Projects are located within Districts that were not recommended for at least one award in Rounds 1 or 2. These projects will be funded in order of most to least cost-effective.
- b. Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable. These projects will be funded in order of most to least cost-effective.
- c. Projects aid in achieving geographic equity among participating Districts.

IX. Procedures for Notification

On the specified dates, CAPCOA will provide a list of recommended projects to Placer APCD. Placer APCD will review CAPCOA's recommendations and notify eligible Districts of their award(s).

Successful Districts will notify awardees of the status of awards and complete all work outlined in their contract with Placer APCD.

After all pooled funding has been obligated, CAPCOA or the participating District, as agreed upon, will notify applicants of their non-award status and may provide information on applicable grant programs.

X. Inspections

A pre-inspection, post-inspection, and verification of destruction inspection must be completed prior to funding a project, when applicable. An Inspection Report shall be used to document such inspections. All inspection reports and photos will be maintained in the project file both digitally and in hard copy. Digital photos will be kept in the .jpeg file format and hard copy photos will be in color and be no less than a quarter sheet of paper in size. Photos should be clear and legible to the best extent possible.

A. Pre-Inspections

For on-road vehicles⁸, off-road equipment⁹, zero-emission agricultural UTVs¹⁰ (when applicable), and engine-related projects, pre-inspections must be conducted prior to contract execution, as described in the Moyer and FARMER guidelines. Zero-emission Agricultural UTV projects are subject to pre-inspection. There are no pre-inspection requirements for infrastructure projects.

The pre-inspection process includes taking photos of the vehicle/equipment, verifying operation as described, and ensuring that the information submitted in the applicant's application is correct. The minimum requirements for pre-inspection can be found in greater detail in the FARMER and Moyer guidelines for the project category.¹¹

If the serial number of the engine is required by FARMER or Moyer pre-inspection guidelines but is not present or accessible, or if there is a missing engine data plate, District staff will assign a serial number to the engine and stamp that number into the engine block for future tracking.

B. Post-Inspections

Post-inspections for on-road vehicles¹², off-road equipment¹³, engine-related projects, infrastructure projects¹⁴, and agricultural UTVs (when applicable)¹⁵ must occur after receipt of

⁸ For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

⁹ For additional information on pre-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

¹⁰ Pre-inspections are not required for UTVs purchased with a voucher. For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(3).

¹¹ For additional information on pre-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section W.

¹² For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

¹³ For additional information on post-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

¹⁴ For additional information on post-inspection requirements for infrastructure projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 10, Section J.

¹⁵ Post-inspections are not required for UTVs purchased with a voucher.

an invoice but prior to District final reimbursement for the project, as described in the Moyer guidelines¹⁶.

For vehicle/equipment post-inspections, District FARMER staff is to verify that the replacement vehicle, equipment, and engine listed in the contract was purchased. For vehicle and equipment replacement projects, inspections will occur at the dealership or at some designated location prior to the program participant taking delivery. District FARMER staff shall take photos of the replacement vehicle/equipment/engine as described in the FARMER and Moyer guidelines.

Post-inspections are not required for zero-emission agricultural UTVs purchased with a voucher. However, they must be made available for post-inspection by the participating District, Placer APCD, CARB, or a designee if such a request is made.

C. Verification of Destruction

In addition to completing a post-inspection on all replacement mobile projects, District FARMER staff shall also conduct a verification of destruction inspection¹⁷ for on-road vehicles¹⁸ and off-road equipment¹⁹ (including agricultural UTVs²⁰) in order to ensure that the old vehicle/equipment and engines are permanently destroyed. When approved by the District, an approved dismantler/salvage yard may conduct the inspection on behalf of the District and provide the required documentation within ten days of destruction.

Dismantlers who participate in the FARMER Program must enter into a contract with the participating District prior to the destruction of any vehicles/equipment or engines.

D. District Audits of Projects

Audits performed by trained inspection staff from the Participating District will be conducted throughout the life of a project to ensure that the project is still operational, no tampering of the engine has occurred, and the originally contracted operational mileage, fuel usage, or hours of operation are being correctly reported. At minimum, the annual auditing protocols must adhere to the Current Moyer Guidelines²¹.

¹⁶ For additional information on post-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X.

¹⁷ For additional information on verification of destruction requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X.

¹⁸ For additional information on verification of destruction requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

¹⁹ For additional information on verification of destruction requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

²⁰ For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(4).

²¹ For additional information on District Audits of Projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section AA.

XI. District Project Files

A. Required Documentation

Participating Districts are required to maintain documentation of solicitation by fiscal year, as well as program project and fiscal files.

Program project files shall contain at a minimum:

- a) FARMER application, supporting documents, and estimated project cost
- b) Analysis of emission reductions (when applicable)
- c) Original contract
- d) Inspection forms and photographs
- e) Copy of dealer/seller's invoice,
- f) Original invoice(s) from the participant invoicing the District for the awarded grant amount
- g) Monitoring/Audit reports
- h) Key communications with participant

B. File Retention

Unless otherwise specified in the Moyer or FARMER Guidelines, grant receipts and expenditure documents including invoices, contracts, vouchers, personnel and payroll records should be retained for five years after the grant liquidation period or the last recorded grant transaction, whichever is later. All other project files must be retained three years following the end of the contract term. In the event final payment has not been issued prior to the end of the contract term, the three-year clock is restarted upon final payment. Applications for unfunded projects must be kept a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period.

Project files will be regularly updated with active project progress, inspection and audit results, annual usage report information, and general contracted project activity.

C. Acceptable File Formats

Files may be retained in an electronic format if complete and easily accessible. Digital project documents are stored as JPEG, TIF, GIF and PDF files.

Images in hard copy form must be at least a quarter sheet in size and be printed in the highest image quality feasible.

XII. Reporting Procedures

A. Quarterly Updates

Participating Districts are required to provide Placer APCD with quarterly updates on all projects funded through the FARMER Program. CAPCOA and Placer APCD will collaborate to create a reporting template for participating Districts, which should include the implementation status of any FARMER projects awarded funding, along with any implementation costs. These updates will be facilitated by CAPCOA at least 45 days prior to Placer APCD's quarterly reporting deadline to CARB.

CAPCOA will compile Districts' update information and submit to Placer APCD for review. Placer APCD will then submit this information to CARB as part of their quarterly reporting requirements.

Placer APCD must submit numbered, quarterly reports to CARB in accordance with the following schedule.

- Report 1: Covers grant execution through September 30, 2018, with the report due November 30, 2018;
- Report 2: Covers October 1, 2018 through December 31, 2018, with the report due February 15, 2019;
- Report 3: Covers January 1, 2019 through March 31, 2019, with the report due May 15, 2019;
- Report 4: Covers April 1, 2019 through June 30, 2019, with the report due August 15, 2019;
- Report 5: Covers July 1, 2019 through September 30, 2019, with the report due November 15, 2019;
- Report 6: Covers October 1, 2019 through December 31, 2019, with the report due February 15, 2020;
- Report 7: Covers January 1, 2020 through March 31, 2020, with the report due May 15, 2020;
- Report 8: Covers April 1, 2020 through June 30, 2020, with the report due August 15, 2020;
- Report 9: Covers July 1, 2020 through September 30, 2020, with the report due November 15, 2020;
- Report 10: Covers October 1, 2020 through December 31, 2020, with the report due February 15, 2021; and
- Report 11: Covers January 1, 2021 through March 31, 2021, with the report due May 15 2021 along with the final disbursement request.

Quarterly reports must be submitted through April 30, 2021, or until all funding has been expended.

B. Annual Reports

Participating Districts are required to report information on an annual basis for any projects funded through the FARMER Program and still under contract once funding has been expended and quarterly reports have ceased. Participating Districts that do not have any such projects are not required to provide an annual report.

For Districts that will require annual reporting, Placer APCD and CAPCOA will create a reporting template. Annual Reports will be submitted to CAPCOA at least 45 days before Placer APCD's annual reporting deadline to CARB of August 29 each year. These reports must cover data from July 1 of the previous year through June 30 of the current year. CAPCOA will compile the participating Districts' reports and submit to Placer APCD for review. After the submitted reports have been reviewed, Placer APCD will submit the reports to CARB by the reporting deadline.

Districts are required to report project information in the FARMER Benefits Calculator Tool. The reported information must be sufficient to populate the required data fields and to calculate covered emission reductions and cost-effectiveness for equipment types where

required. Districts will ensure the reported information is complete, correct, and supported by documentation.

Because the FARMER Program is funded in part by Greenhouse Gas Reduction Fund (GGRF) Funding, reporting and recordkeeping is required to quantify and document each project's benefits in keeping with GGRF requirements, in addition to the reporting and recordkeeping required under Carl Moyer Program Guidelines. Funding recipients are required to track annual usage for the new vehicle or equipment, in terms of hours or miles per year, provide location data to allow for calculation AB 1550 benefits, and submit annual updates to Districts while under contract.

In addition to project information, applicable Districts must submit Annual Reports to Placer APCD that, at minimum, include:

- Contract execution and liquidation status of FARMER Program funds.
- Outputs generated by the FARMER Benefits Calculator Tool for the default years specified in the utility.
- For the most recent fiscal year, additional funds available to FARMER from the following sources. These funds will be included in the target for the funding year due for liquidation in four years unless the air district directs CARB staff to include them in an earlier year target.
 - The amount of any interest accrued on FARMER Program funds held in local accounts. An air district may choose to designate in the Yearly Report all or a portion of this interest for remittance to CARB.
 - Funds recaptured from liquidated projects, including funds provided back to the air district following CARB enforcement actions, identified by project name and funding year.
 - Non-grant revenue earned for the FARMER Program by the air district, such as from the sale of scrapped engines or equipment.
- A list of any projects identified as non-performing and a brief narrative of any related enforcement actions.

XIII. Procedures for Nonperforming Participants

The participating District must take appropriate action to ensure emission reductions are realized for engines, equipment, vehicles, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract, when average usage over a three year period for a contracted engine, equipment, or vehicle is less than 70 percent of the activity required in the contract, the District may choose, but is not limited to, the options below to address the underutilization. (In cases of projects which may have a contracted project life of less than three years, the same activity threshold of less than 70 percent applies, averaged over the project life.)

- Extend the project contract for additional years, precluding overlap with an applicable rule implementation requirement (off-road equipment projects may be considered for a contract extension which extends beyond a required compliance date).
- Return funds in proportion to the loss in emission reductions.
- Transfer ownership of the engine, vehicle, or equipment to another entity committed to complying with the contract terms.
- Recalculate a project's cost-effectiveness based on the reported decrease in usage.

- Grant a usage waiver, without penalty, to the grantee for a defined time period. The grantee must demonstrate to the air district's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment, and that the underutilization was due to unforeseen conditions beyond the grantee's control. Such waivers shall be at the discretion of the APCO.
 - The conditions under which a waiver may be issued include, but are not limited to, the following:
 - A decrease in usage due to economic recession;
 - Unforeseen fluctuations in water allocations or pumping needs for agricultural irrigation pump engines; or
 - Significant land fallowing for off-road agricultural equipment and agricultural irrigation pump engines.

XIV. Program Funding

A. Project Fund Use

Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related expenses necessary to implement FARMER Program-eligible projects.

Project implementation costs are defined in the FARMER Program Guidelines. The Shared Allocation Pool has been allocated 12.5% of the funding allocation for project implementation costs. Of that 12.5%,

- 1% has been allocated to CAPCOA for costs related to project evaluation;
- 2% has been allocated to Placer APCD for costs related to overseeing the Shared Allocation Pool; and
- 9.5% has been allocated to participating Districts for costs related to project administration.

In general, project implementation funds may be used for work completed in the following categories, as further described in the Moyer and FARMER guidelines:

- Labor expenses (including total staff time and labor costs);
- External subcontractor(s) fees for completed work, if applicable;
- Printing, mailing, traveling, and other outreach expenses; and
- Other indirect costs.

"Other indirect costs" refers to administrative costs as defined in the FARMER Guidelines. These costs are included within project implementation costs and may not exceed 5% of the grant amount.

B. Placement of Funds

Once a project has been approved for funding by Placer APCD, the participating District can expect to receive funds in check form within 45 days. The participating District shall place all received funds in an interest-bearing account and track interest accrued as described in Section XV, Interest Accrual. Participating Districts are highly encouraged to expend all funds within 12 months of receipt.

C. District Co-Share of Project Costs

Funds other than Moyer Program grant funds and AB 923 funds may be used to co-fund FARMER Program eligible projects, when all program criteria associated with each funding source are met. Funding sources, eligibility of funds, and co-funding procedures can be found in the Moyer Guidelines and in the guidelines of any other applicable funding source or program.

The total amount of project funding may not exceed the maximum eligible grant amount as outlined in the FARMER and Moyer guidelines for the project type, and the participating District would not be eligible for additional administrative funding for the co-shared portion of the project costs.

There is no limit on the number of co-funding sources that can be used to fund a project, as long as the total project costs are not exceeded and a 15 percent applicant cost share requirement is met for private sector projects.

D. Right to Reallocate Funds

CARB and Placer APCD reserve the right to redirect funds from a participating District and reallocate such funds to other Districts, if a District informs Placer APCD in a written letter that it will not be able to meet expenditure deadlines, or if it is found that the approved project did not meet funding requirements.

In the event of non-performance or termination, CARB and Placer APCD shall require full recovery of the unspent funds by transfer upon the participating District's accounts. The District must provide fund transfer information within 45 days upon receipt of notice.

In no event shall the participating District receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be immediately returned to Placer APCD.

E. Required Documentation

General Documents Maintenance

All contracts, including contracts with project awardees, documentation, records, and reference materials that are required by this program must be made available for review during monitoring visits and audits by CARB, Placer APCD, or their designee. These records must be retained for the life of the projects funded under this grant.

Documents Required to be Submitted to Placer APCD

- For those projects recommended for funding, participating Districts must mail original copies of project applications with "wet" signatures in blue ink to the Placer APCD Liaison.
- Participating Districts must mail copies of executed contract with Placer APCD, and such document must be received before Placer APCD will deliver funds to participating Districts.
- A copy of a board resolution, meeting minutes, or other documentation of the District's authority to accept funds from Placer APCD for use within the FARMER program must be delivered via mail or electronically.

Requests for payment must be made consistent with FARMER Guidelines and this PPM and include all documentation required by CAPCOA and Placer APCD. After the initial grant disbursement request, the participating Districts must include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds with each subsequent grant disbursement request.

Backup for administrative funds may include the following:

- Staff time in actual hours or percent of hours devoted to project implementation, as well as staff wage, which shall be described in an official document of the District, such as a duty statement, a warrant, an invoice or timesheet;
- Implementation funds for subcontractor(s). This could be reflected within documents such as a contract, invoices or other documentation as agreed upon by the participating District and Placer APCD;
- Printing, mailing, records retention, and travel expenses. The participating Districts must provide copies of relevant District policies, and records that illustrate expenditure for the Program;
- Necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees (<http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>). No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB.

Participating Districts must keep written documentation of all transactions they expect to receive reimbursement for. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee. If project implementation funds are used for indirect costs, the Grantee must document and describe how these costs are determined.

XV. Invoice Submission

After contract execution and once conditions for funding are met, the program participant must submit an original invoice requesting payment, including copies of all associated invoices related to project expenditures. If any portion of the project requires financing, the program participant (or their dealer) shall provide the financing terms to the participating District before the District issues payment. The full contract amount shall be used to pay down any financing within 30 days of receiving payment from the District. Proof of payment is due to the District within 45 days of receiving payment from the District. The amount financed may not exceed the incremental cost of the project. District FARMER staff must also conduct any necessary post-inspections as described Section X, Inspections. After a successful inspection and after all of the conditions for payment are met, the program administrator will approve each invoice for reimbursement. Invoices and requests for payment are then forwarded to administrative staff for review and processing and then to the APCO for final approval. For multi-stage projects, partial payments may be approved on a case-by-case basis and is described in the program participant's contract. The District will maintain a clear record of progress payment in the project file.

XVI. Interest Accrual

The participating District must maintain accounting records (e.g., general ledger) that track interest earned, expended, or returned on the project funds, as follows:

- The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method.
- Interest earned must ensure that it is separately identifiable from interest earned on non-project funds.
- The methodology for calculating earned interest must be consistent with how it is calculated for the participating District's other fiscal programs.
- Documentation of interest earned and expenditures made on those funds or returned to CARB must be:
 - Retained for a minimum of three years after it is generated.
 - Provided to CARB in Placer APCD's quarterly reports.

XVII. Oversight Provisions

A. Termination and Suspension of Payments

1. CARB and Placer APCD reserve the right to terminate this grant upon thirty days written notice to Placer APCD. In case of early termination, Placer APCD will immediately notify participating Districts, who must return remaining funds, including any earned interest, immediately, as outlined in the Agreement between Placer APCD and the Districts.
2. CARB and Placer APCD reserve the right to issue a grant suspension order in the event that a dispute should arise. If Placer receives such an order, it will notify the Districts and the grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the District chooses to continue work on the project after receiving a grant suspension order, the District will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB at its sole discretion will reimburse Placer APCD for any expenses incurred by the participating Districts during the suspension that CARB deems reimbursable in accordance with the terms of the grant.

B. Oversight and Accountability

1. The Districts will comply with all oversight responsibilities identified in the Farmer Program Guidelines, any future Program Advisories and Mail-Outs, and the Grant Agreement.
2. CARB or its designee, including but not limited to Placer APCD, reserve the right to audit at any time during the duration of this grant the Districts' costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Districts shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
3. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a District, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB

also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.



January 11, 2019

Dear Participating Air District:

The Placer County Air Pollution Control District (Placer APCD) has provided the attached Policies and Procedures Manual (PPM) for use by air districts within the Shared Allocation Pool for the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program. This document has been created in collaboration with the California Air Pollution Control Officers Association (CAPCOA), and with the approval of the California Air Resource Board (CARB), with the intent of providing consistent guidance to all districts within the Shared Pool.

A few key requirements have been highlighted below in the hopes of expediting the funding process. Before receiving funding from Placer APCD, participating districts must ensure they are eligible and have the necessary documentation, as described below and in further detail in the PPM.

All the information below can also be found within the attached FARMER PPM.

Eligibility Requirements:

Any of the following 18 districts may participate in the FARMER Shared Allocation Pool with Placer APCD:

Amador County APCD	Modoc County APCD
Antelope Valley AQMD	Mojave Desert AQMD
Calaveras County APCD	North Coast Unified AQMD
El Dorado County AQMD	Northern Sierra AQMD
Great Basin Unified APCD	Northern Sonoma County APCD
Lake County AQMD	Placer County APCD
Lassen County APCD	Shasta County AQMD
Mariposa County APCD	Siskiyou County APCD
Mendocino County AQMD	Tuolumne County APCD

In order for a district listed above to be eligible for participation in this program, the following conditions must be met:

1. The district must enter into a contract with Placer APCD. In order to help expedite the process, a district may submit their project application(s) to CAPCOA for review prior to a contract being fully executed. However, funding cannot be released to a participating air district until the agreement is signed by both parties.

2. A district must have an approved 2017 Carl Moyer Program Policies and Procedures in place which includes the project category of the equipment that they seek to receive funding for.
3. The district must provide documentation showing that that they are legally authorized to participate in the FARMER Program and to accept funds from Placer APCD for use within the Program.

Resources:

CAPCOA FARMER Webpage (generic FARMER application included):
<http://www.capcoa.org/farmer-program/>

CARB FARMER Webpage: <https://ww2.arb.ca.gov/our-work/programs/farmer-program>

Placer APCD FARMER Program Coordinator and Contact:

Lauren Moore
Placer County Air Pollution Control District
110 Maple Street
Auburn, California 95603
Phone: 530-745-2376
Email: lmoore@placer.ca.gov

Sincerely,



Erik C. White
Air Pollution Control Officer

**Funding Agricultural Replacement Measures for
Emission Reductions (FARMER)
Shared Allocation Pool
Policies and Procedures Manual**

Appendix 14

AB617 COMMUNITY AIR PROTECTION INCENTIVE GUIDELINES



Community Air Protection Incentives 2019 Guidelines

Approved by the Board: May 23, 2019

Revised October 14, 2020

California Air Resources Board
California Environmental Protection Agency
1001 I Street
Sacramento California 95814

This report has been reviewed by the staff of the California Air Resources Board and approved for publication. Approval does not signify that the contents necessarily reflect the views and policies of the California Air Resources Board, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.

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CHAPTER 1: PROGRAM OVERVIEW AND BACKGROUND

A. Introduction

Assembly Bill (AB) 617 (Chapter 136, Statutes of 2017) directed the California Air Resources Board (CARB or Board), in conjunction with local air quality management districts and air pollution control districts (air districts) to establish the Community Air Protection Program. AB 617 provides a community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants (TACs) in the communities most impacted by air pollution. AB 617 calls for CARB and the air districts to actively engage with members of heavily impacted communities, follow their guidance, and address local sources of concern. AB 617 includes a variety of strategies to address air quality issues in impacted communities, including community-level monitoring, uniform emission reporting across the State, stronger regulation of pollution sources, and incentives for both mobile and stationary sources.

To support the AB 617 effort, the California Legislature (Legislature) has appropriated incentive funding to support early actions to address localized air pollution in the most impacted communities. Between fiscal years 2017-18 and 2018-19, the state budget has appropriated CARB a total of \$495 million of California Climate Investments funding for Community Air Protection (CAP) incentives to be administered by air districts in partnership with local communities. The Legislature appropriated \$250 million in the Budget Act of 2017, as amended by AB 134 (Chapter 14, Statutes of 2017), and an additional \$245 million in the Budget Act of 2018, as amended by Senate Bill (SB) 856 (Chapter 30, Statutes of 2018). This funding emphasizes cleaner vehicles and equipment with priority on community guided zero-emission projects.

The Legislature directed that air districts spend the funds appropriated in AB 134 on mobile source projects pursuant to the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) and the Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B Program). The Legislature expanded the scope of the CAP incentives appropriated in SB 856 to include additional project types. The project types called for in SB 856 include:

- Mobile source projects. Eligibility continues through either the Moyer Program or the Proposition 1B Program, with a focus on zero-emission equipment.
- Zero-emission charging infrastructure projects. Eligibility continues with a focus on medium- and heavy-duty vehicle infrastructure.
- Stationary source projects. New eligibility for the replacement of equipment at locations of stationary sources of air pollution not subject to the Cap-and-Trade Program, which will result in direct reductions of TACs or criteria air pollutants.
- Community-identified projects. New eligibility for programs developed by an air district consistent with the actions identified in the applicable Community Emissions Reduction Program pursuant to AB 617, provided there is community input through a public process.

These *Community Air Protection Incentives 2019 Guidelines* (CAP Guidelines) contain guiding principles, program administration requirements, and eligibility criteria for new incentives to address the new project categories identified in SB 856. These CAP Guidelines build upon last year's *Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines* (CAP Supplement), which is included as Appendix A for continued guidance on mobile source projects.

B. Background on Assembly Bill 617: Forming the Community Air Protection Program

CARB has made great strides in improving California's air quality over the last 25 years. Regional levels of ozone and diesel particulate matter have dropped considerably across the State, and all communities have benefitted from these improvements. Some communities still suffer greater health impacts from air pollution than others. Therefore, AB 617 directed CARB to establish the Community Air Protection Program to address the disproportionate burdens against which these communities continue to struggle. The Community Air Protection Program requires community-focused and community-driven action to properly address the air quality issues in impacted communities through various elements:

- Community-level air quality monitoring.
- Enhanced and uniform emissions reporting.

- Accelerated retrofit of pollution controls on industrial facilities.
- Increased penalties for violations of emissions control limits.
- The creation and adoption of Community Emissions Reduction Programs.

CAP incentives support AB 617's broader effort by providing immediate air quality benefits to impacted communities.

C. Background on Carl Moyer Memorial Program and Proposition 1B Goods Movement Emission Reduction Program

The Moyer Program is a grant program that funds vehicles and equipment to complement California's regulatory program by providing incentive funds to obtain early or extra emissions reductions. Moyer Program incentives encourage customers to purchase cleaner technologies and stimulate the marketplace to manufacture these technologies. The Moyer Program is a partnership between CARB and local air districts. For both the 2017-18 and 2018-19 budget cycles, the Legislature directed that Moyer Program eligible projects be eligible for CAP incentives. As mentioned above, the CAP Supplement added targeted refinements to the *Carl Moyer Program 2017 Guidelines* (Moyer Guidelines), specific to CAP incentives, in order to better direct the funds to impacted communities.

Proposition 1B was approved by voters in 2006 and authorized \$1 billion in bond funding to CARB to reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. These corridors consist of the Los Angeles/Inland Empire, the Central Valley, the Bay Area and the San Diego/U.S. Mexico border area. Like the Moyer Program, the Proposition 1B Program is a partnership between CARB and local agencies (air districts and ports). For both the 2017-18 and 2018-19 budget cycles, the Legislature has specified in the budget appropriations for CAP incentives that air districts have the option of using the Proposition 1B Program Guidelines to evaluate possible truck projects, allowing those elements of the Proposition 1B Program to apply to this funding.

D. California Climate Investments Requirements

Funding for the Community Air Protection Program is appropriated from the Greenhouse Gas Reduction Fund (GGRF), requiring these funds to be spent according to the requirements of California Climate Investments, the statewide

program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. These requirements are set forth in the *Funding Guidelines for Agencies that Administer California Climate Investments* (CCI Funding Guidelines) (www.arb.ca.gov/cci-fundingguidelines).

The CCI Funding Guidelines address requirements related to facilitating GHG emissions reductions, targeting investments in and benefiting priority populations, maximizing economic, environmental, and public health co-benefits, fostering job creation and job training, coordinating investments and leveraging funds, avoiding potential substantial burdens to disadvantaged and low-income communities, ensuring transparency and accountability, and conducting outreach. Projects funded with CAP incentives align with these goals and requirements, which prioritize the importance of targeting California Climate Investments funds to communities in a way that meaningfully addresses community needs.

State law requires that at least 25 percent of California Climate Investments be allocated to projects located within and benefiting individuals living in disadvantaged communities, and that at least an additional ten percent go to projects located within and benefiting low-income households or individuals living in low-income communities. For CAP incentives, CARB required in Board Resolution 18-15 that at least 80 percent of each year's funds must be invested in and specifically benefiting these priority communities, with at least 70 percent spent in and benefiting disadvantaged communities.

CHAPTER 2: GUIDING PRINCIPLES

A. Introduction

As the Community Air Protection Program has the primary objective of being responsive to community concerns and priorities to provide immediate air quality benefits, the following guiding principles will act as general criteria for air districts to follow when selecting and implementing projects. These principles will ensure the voices of community groups will guide project prioritization and selection at the air district level, as well as to guide continued development of the CAP Guidelines by CARB staff. These principles are derived from statutes, Board direction, and policy documents that apply to CAP incentives such as the *Community Air Protection Blueprint* and the *CCI Funding Guidelines*. Air districts can prioritize and emphasize these principles according to local community guidance gathered at community steering committee meetings, public meetings, and other community engagement events.

B. Reduce Emissions in AB 617 Communities

These funds must provide emissions reduction benefits to communities identified through AB 617 or AB 1550. A reduction in emissions must occur within and directly benefit a designated community, but funds should not solely be limited to the ten communities selected by the Board in 2018. In addition, CAP incentives will be used to reduce emissions from mobile and stationary sources as well as other project categories that are included in these CAP Guidelines, including those subsequently approved by CARB's Executive Officer and incorporated therein. Furthermore, air districts must use CAP incentives to reduce emissions consistent with the Community Emissions Reduction Programs, where area-wide sources may also be considered. Ideally, incentives will be used in support of and in conjunction with planning policies to improve mobility and land use to reduce exposure and proximity issues in heavily impacted communities (*Community Air Protection Blueprint, Appendix B, Appendix C-14; SB 856 Section 36; CCI Funding Guidelines p. 36; AB 134, AB 1550*).

Rationale for Principle: CAP incentives are a way to reduce emissions and exposure in communities with high pollution burden in order to support the objectives of AB 617 while also meeting requirements that apply to GGRF appropriations under AB 1550. The specific communities that benefit from CAP

incentives will be those identified in Appendix B of the *2018 Community Recommendations Staff Report* (<https://ww2.arb.ca.gov/resources/documents/appendix-b-table-metrics>), or disadvantaged and low-income communities identified under AB 1550 (and previously SB 535). The Board specified disadvantaged community and low-income community funding targets to meet with AB 134 funds; the same targets have been specified for SB 856 funds (70 percent within disadvantaged community census tracts, 10 percent within low-income, as per Board Resolution 18-15). These targets are consistent with the statutory objectives for CAP incentives and support the overall targets for California Climate Investments specified in AB 1550. Because the sources that contribute to pollution burdens are unique to each community, both mobile and stationary sources must be considered. Area-wide sources may also be an element of Community Emissions Reduction Programs.

C. Benefit AB 617 Communities Selected and Under Consideration

Air districts will focus CAP incentives in communities that the Board has selected under AB 617 or is considering for future selection (*SB 856 Section 36, provision 4; Community Air Protection Program 2018 Community Recommendations Staff Report*).

Rationale for Principle: In September 2018, ten communities were selected by the Board as initial participants in the Community Air Protection Program. These ten communities are diverse both in terms of location and sources of local pollution burdens. The diverse initial selection of communities will allow the Board and the air districts to explore a variety of strategies to address community-level air quality issues suffered by other communities statewide, even as the concerns in the selected communities are addressed. As directed by SB 856, areas being considered for future selection will also be priority areas for CAP incentives projects. The *2018 Community Recommendations Staff Report* indicates that priority areas for future consideration include communities identified by air districts in their first-year recommendations, recommendations provided by community-based organizations, and disadvantaged communities.

D. Consider Air Toxics, Criteria Air Pollutant, and Greenhouse Gas Benefits

Air districts must focus CAP incentives on projects that reduce particulate matter with a diameter less than 2.5 micrometers (PM 2.5) and community-specific TACs, especially where needed, to support Community Emissions Reduction Programs. In addition to reducing TAC and PM 2.5 emissions, projects using CAP incentives may deliver reductions in other air pollutants including GHGs and ozone precursors (*Community Air Protection Blueprint, Appendix C-6; SB 856 Section 36, provision 3(a)*).

Rationale for Principle: Reduced exposure to TACs is a high priority for all communities, while other pollutants of concern for cumulative exposure burdens are community-specific. Incentives should support AB 617's emphasis on reducing exposure to the TACs that contribute to each community's burden, especially where a toxic risk has been identified in or around a community. For example, communities with chrome platers may prioritize reductions of hexavalent chromium, while communities adjacent to ports or other freight hubs may prefer a stronger focus on truck electrification to reduce diesel particulate matter exposure.

Projects will often deliver reductions in ozone precursors and greenhouse gases, especially where old engines are being replaced. Oxides of nitrogen (NO_x) reductions remain important in ozone nonattainment areas and may be a co-benefit of some projects. Air districts must show a net reduction in GHGs from CAP incentives as California Climate Investments, and this requirement may affect project selection.

E. Engage Communities and Provide Support

Community outreach and support are essential. Air districts will designate funds to projects consistent with priorities identified by communities in a transparent and meaningful public process. Air districts will include community outreach information in disbursement requests and in semi-annual reports for CAP incentives. For Community Emissions Reduction Programs, air districts will provide an annual summary of outreach conducted to promote funding opportunities, solicit ideas from community steering committees, and identify project priorities. Community outreach information includes dates, times, locations, meeting formats, attendance, accessibility, language interpretation,

and meeting materials, as applicable (*SB 856 Section 36, provisions 4(a) and 6; Community Air Protection Blueprint, Appendix C-42*).

Rationale for Principle: All air districts receiving grants of CAP incentives are required to engage in public outreach and dialogue with community organizations, including community steering committees for areas selected by the Board. Air districts must select and fund projects in accordance with ideas and direction received during community outreach in order to respond effectively to the mandate and promise of AB 617. Projects must also be consistent with eligibility requirements in applicable statutes and guidelines.

F. Emissions Reductions Must be Excess to Laws or Regulations

Projects must provide emissions reductions that are in excess to those otherwise required by law or regulation (*SB 856 Section 36, provision 4(b)*).

Rationale for Principle: Senate Bill 856 requires that projects selected deliver emission reductions that would not otherwise occur through regulations or other legal mandates. Under SB 856, projects must deliver emission reductions that “complement and further the rules and regulations that the State Air Resources Board and air districts have established or are in the process of developing to reduce or mitigate emissions from mobile and stationary sources” as they implement AB 617.

G. Prioritize Zero-Emission Technology and Infrastructure

Where feasible and supported by communities, air districts will focus on funding zero-emission technologies, including zero-emission charging infrastructure that supports medium- and heavy-duty vehicles (*Community Air Protection Blueprint, Appendix C-18, CARB Resolution 18-15, SB 856 Section 36, Provision 5(b), Governor’s 2018 ZEV Action Plan Priorities Update*).

Rationale for Principle: The Moyer Guidelines include as an eligible source category charging stations for zero-emission vehicles. SB 856 places particular emphasis on funding charging stations for medium- and heavy-duty vehicles. This aligns with support voiced at CAP incentives workshops in 2018 for reduced emissions from truck travel near and within disadvantaged communities, as well as the policy objectives specified in the state’s *ZEV Action Plan*. Where supported by community organizations and steering committees, air districts should use CAP incentives for charging infrastructure projects at

distribution centers and other indirect sources for medium- and heavy-duty truck travel.

In addition, for first-year CAP incentives, which are limited to mobile sources, CARB directed air districts to “prioritize zero-emission vehicles or infrastructure wherever feasible.” For second-year CAP incentives, SB 856 directs that funds be used to purchase cleaner mobile source technologies “with a priority on zero-emission equipment,” or for “zero-emission charging infrastructure,” or to “replace stationary source equipment and technologies that will result in direct emissions reductions of TACs and criteria air pollution, including zero-emission technologies.”

H. Consider Special Projects to Protect Sensitive Receptors

Air districts will consider special projects that contribute to proximity-based goals for sensitive receptors. These may include land use, health-protective mitigation measures, and transportation and design strategies in consultation with communities and CARB (*Community Air Protection Blueprint, Appendix C-19*).

Rationale for Principle: In many communities the proximity of emissions sources to nearby sensitive receptors like schools, homes, day care centers, and hospitals further exacerbates the cumulative exposure burden. Addressing the cumulative exposure burden in communities may require proximity-based actions with a role for incentives. Where communities recommend such actions, air districts and CARB should develop guidelines as needed to implement them.

I. Ensure Transparency in Project Selection and Reporting

Air districts will maintain their AB 617 and community-specific websites with current information about CAP incentives availability and the process for selection of projects. Air districts will notify affected communities and allow opportunity for comment prior to making funding decisions. Air districts will report to CARB semi-annually on their projects with executed contracts. CARB’s GHG emissions reduction quantification methodologies, co-benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits. Where projects and programs are included in or respond to strategies in Community Emissions Reduction Programs, air districts will include information on funds distributed, equipment deployed, and emissions reduced in the program’s annual status update (*Community Air Protection Blueprint, Appendix C-12 and*

C-39); Funding Guidelines for Agencies that Administer California Climate Investments, Sections IV and VI).

Rationale for Principle: Accountability and transparency are essential to the success of both AB 617 and California Climate Investments. The information is used to demonstrate how California is achieving multiple statutory objectives, and achieving those objectives with public funds is a matter of public trust.

J. Consider Both Cost-Effectiveness and Relative Exposure Reduction in Funding Decisions

As part of their assessment of incentive strategies for Community Emissions Reduction Programs, air districts will consider the relative cost-effectiveness for all potential projects, including those that fall under Provision 6, section 36, of SB 856. Mobile source strategies outside of those contained in the CAP Guidelines will meet Moyer Program or Proposition 1B Program cost-effectiveness requirements as applicable. Stationary source project funding should also be directed towards the most cost-effective stationary source projects. Air districts will document their cost-effectiveness methodologies and calculations, especially where choices must be made about where to focus funds relative to the exposures to different pollutants. Decisions to include less cost-effective projects in Community Emissions Reduction Programs must consider the support of the community steering committee, community-based organizations, and community members, but these community steering committees, organizations, and members must be informed of relative risk when comparing strategies that address different sources and different pollutants (*Community Air Protection Blueprint, Appendix C-23; AB 617*).

Rationale for Principle: AB 617 requires Community Emissions Reduction Programs to identify cost-effective measures to achieve emission reduction targets, and requires reductions in TACs as well as criteria air pollutants. A fair assessment of cost-effectiveness must be well documented for consideration by communities prior to funding decisions.

CHAPTER 3: PROGRAM ADMINISTRATION

A. Introduction

This chapter describes administrative requirements that CARB, air districts, and interested parties would follow to ensure that projects funded with CAP incentives reduce TACs and criteria air pollution in communities that bear the greatest burdens from air pollution, as well as other applicable requirements for California Climate Investments, with full public accountability and transparency. CAP incentives appropriated in the fiscal year 2018-19 Budget may fund mobile and stationary source projects, and other projects and programs specified in approved Community Emissions Reduction Programs. CAP incentives appropriated in the fiscal year 2017-18 Budget may fund mobile source projects as specified in the CAP Supplement. Additional requirements below apply to all CAP incentives projects, regardless of budget year, including projects using first-year funds that are executed after May 23, 2019.

The administrative procedures in this chapter are based on the requirements of the Moyer Guidelines, the CAP Supplement to those Moyer Guidelines approved in 2018, the 2017 State Budget (AB 134), the 2018 State Budget (SB 856), the CCI Funding Guidelines, AB 617, and the *Community Air Protection Blueprint*. In addition, some source categories may have additional administrative requirements. In a case where the source category requirements conflict with requirements specified in this chapter, the source category requirements take precedence. An air district may choose to require more stringent administrative procedures in implementing its local program.

B. Air District Grant Awards

1. **Grant Award Allocations.** CARB's method of determining allocation amounts for air districts will vary from year to year, depending on the direction of statute or the Community Air Protection Program. CARB staff developed the following guiding principles to guide allocation of the second-year funds and consulted with the California Air Pollution Control Officer's Association (CAPCOA) on allocation of the full appropriation.
 - (A) Consider precedent set by the Legislature with the specified allocation of funds in the first year. The three largest air districts

have over 90 percent of disadvantaged community populations in California.

- (B) Provide a significant portion of funds to communities selected by the Board under AB 617 requirements. Selection by the Board indicates the Board believes these areas deserve particular and immediate attention to relieve air pollution burdens.
- (C) Consider the needs of other communities that CARB “is considering for selection in future years” per SB 856. Under the Community Air Protection Blueprint, this includes all disadvantaged communities as well as specific areas nominated by air districts.
- (D) Provide opportunity for smaller air districts to participate and receive CAP incentives for projects in their disadvantaged communities and low-income areas.

2. **Grant Award Notification and Signature.** After completion of consultations on the allocation of funds, CARB will prepare and submit to qualifying air districts annually a notification of final grant awards, accompanied by a Grant Agreement, for review and execution. A deadline for air district acceptance of the grant award will be specified in a cover letter sent with the Grant Agreement. The Grant Agreement package will include three copies of a cover sheet indicating the amounts of funds granted for projects and for administration, any Special Terms and Conditions, and General Terms and Conditions for the grant. The air district Air Pollution Control Officer (APCO), or designee, will sign all copies of the cover sheet and return them with an electronic signature or an original signature to CARB. E-Signatures permitted for use by State Agencies are as follows:

- (A) A typed name.
- (B) Digitized image of a handwritten signature (e.g. PDF copy of Word document).
- (C) Digital signature.

Following signature by the CARB Contracts, Procurement and Grants Chief, CARB will return one fully executed grant to the air district for its records.

3. **Funds Timeline.** CAP incentives funds timeline for air district allocation determinations and grant awards will vary from year to year in response

to the Governor's State Budget appropriation and the Board's approval of new selected communities. Dates for completion of disbursements and liquidation for each year's grants may change from year to year according to deadlines included in Legislative direction, and will be noted in the Grant Agreement for each air district each fiscal year.

4. **Conditional Approval.** CARB may elect to approve a Grant Agreement that is missing a particular item and make the submittal of that item a Special Term and Condition of the Grant Agreement. For example, sometimes air district staff is unable to obtain a board resolution or minutes order before the application deadline. In such a case, CARB may allow a board resolution or minutes order to be submitted with the signed Grant Agreement or prior to the air district's initial disbursement.
5. **Policies and Procedures.** Air districts participating in CAP incentives will need a *CAP Incentives Policies and Procedures Manual*, which is separate from their *Moyer Program Policy and Procedures Manual*. However, due to substantial overlap with the *Carl Moyer Program Policies and Procedures Manual*, air districts may choose to structure their *CAP Incentives Policies and Procedures Manual* as an addendum to their *Carl Moyer Program Policies and Procedures Manual*, specifically addressing only those items unique to CAP incentives, including the items noted in paragraph O of this section. The *CAP Incentives Policies and Procedures Manual* must be completed by July 1, 2020. For air districts that have not yet received CAP incentives as of that date, they have until prior to requesting initial fund disbursement to submit the completed *CAP Incentives Policies and Procedures Manual*. The manual will focus on the air district's local implementation of the CAP Guidelines, including roles and responsibilities within the air district and local application of program requirements. Air district staff will review the manual at least once a year and make it available when requested by CARB staff or a member of the public. The manual will include at least the following elements:
 - (A) Roles and responsibilities within the air district for program implementation, including staff or positions responsible for: responding to CARB funding agreements; community engagement; evaluation, selection and inspection of projects; and obtaining governing board approval for program participation and projects to be funded.

- (B) Identification of the project source categories to be supported with CAP incentives, and a schedule for solicitation and review of applications to be submitted under these source categories.
- (C) Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, how public input and guidance will be considered in project selection, and any procedures that vary by source category. Where the order of application receipt will be used to select projects, the policies and procedures will specify how priorities identified by community members will affect the types of source categories and projects that will be considered before projects are selected.
- (D) Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants.
- (E) Project selection procedures that ensure funding priority for funding projects that will reduce air pollution in communities with the most significant exposure to air pollution and in disadvantaged communities.
- (F) Methods for calculating interest earned on CAP incentives held by the air district.
- (G) Procedures for grantees to submit program invoices and receive payment, including itemization required to limit reimbursement to eligible costs, conditions for progress or partial payment, and practices for withheld payments pending grantee reporting.
- (H) Methods the air district will use to verify the destruction of engines and equipment when required, consistent with minimum standards specified in applicable Moyer or CAP Guidelines by source category.
- (I) Methods the air district will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information.
- (J) Procedures, schedules and required content for grantee reports.
- (K) The types of acceptable documentation for establishing historical annual usage, and procedures for considering and granting usage waiver requests, including supporting information to be provided by the grantee.

- (L) Procedures for working with nonperforming grantees to gain full compliance with contracts and program requirements.
 - (M) Any air district program requirements that are more stringent than those specified in applicable State guidelines and Mail-Outs.
 - (N) Any CARB approvals of air district program elements that vary from those required by applicable State guidelines and Mail-Outs, e.g., methods of ensuring engine or equipment destruction that vary from those specified in the source category chapters.
 - (O) Procedures to be used to support the requirements specified in CCI Funding Guidelines section IV (e.g., transparency in program implementation, public access to information on program activities and outcomes, outreach to priority populations, and public notification of projects proposed and projects selected. Examples of public notification include posting proposed CAP incentives projects on a designated air district webpage).
6. **Policies and Procedures Review.** The Grant Agreement includes the air district’s statement that it is maintaining a manual of current policies and procedures consistent with the requirements above. CARB may choose to review an air district’s Policies and Procedures Manual, and an air district may request CARB’s review of its manual’s completeness and consistency with both the CAP Supplement and these CAP Guidelines. CARB comments on an air district’s Policies and Procedures Manual will be provided by email or in another written format. An air district’s policies and procedures as implemented can only be fully evaluated during a program review process.

C. Fund Disbursement – Advance Payment

1. **Procedure.** Consistent with California Health and Safety Code (H&SC) section 39603.1, to expeditiously disburse grants, CARB has the discretion to provide advance payments of CAP incentives in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

Recognizing that appropriate safeguards are needed to ensure CAP incentives are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance

payments. CARB may provide advance payments to air districts awarded CAP incentives if CARB determines all of the following:

- (A) The advance payments are necessary to meet the purposes of the grant project.
- (B) The use of the advance funds is adequately regulated by grant or budgetary controls.
- (C) The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.
- (D) The air district is either a small air district or the air district meets all of the following criteria:
 - (1) Has no outstanding financial audit findings related to any of the CAP incentives eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.
 - (2) Agrees to revert all unused moneys to CARB if they are not liquidated within the timeline specified in the Grant Agreement.
 - (3) Submits a spending plan to CARB for review prior to receiving the advance payment.
 - (4) The spending plan shall include project schedules, timelines, milestones, and the air district's fund balance for all state grant programs.
 - (5) CARB shall consider the available fund balance when determining the amount of the advance payment.
 - (6) Reports to CARB any material changes to the spending plan within 30 days.
 - (7) Agrees to not provide advance payment to any other entity.
- (E) In the event of the nonperformance of the air district, CARB shall require the full recovery of the unspent moneys. The air district shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.
- (F) The air district must complete and submit to CARB for review and approval, an *Advance Payment Request Form*, along with each grant disbursement that is requesting advance payment. The

Advance Payment Request Form shall be provided by CARB to the air district after the grant execution.

- (G) CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the air district's interim cash needs.
- (H) The air district assumes legal and financial risk of the advance payment.
- (I) The air district should place funds advanced under this section in an interest-bearing account. The air district shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses (refer to Section F.4).
- (J) The air district shall report to CARB the value of any unused balance of the CAP incentives and interest earned (refer to Section H).
- (K) The air district shall remit to CARB any unused portion of the CAP incentives and interest earned within 90 days following the end date of the grant (refer to Section K).

2. Additional Requirements.

- (A) Any Special Terms and Conditions in the Grant Agreement must be met before CARB will disburse funds associated with the grant award. Disbursement requests must be received by CARB by May 1 each year to ensure payment within the fiscal year. Any funds not disbursed by June 30 one year following the award may not be disbursed.
- (B) The preceding CAP incentives Yearly Report must demonstrate on-time liquidation consistent with the requirements of the Grant Agreement; or if not, any funds not liquidated on time have been received by CARB. CARB will not require a return of funds under executed contract. CARB may require an air district to change the funding years from which funds are assigned to projects in the statewide database to facilitate on-time liquidation.
- (C) The *Grant Disbursement Request Form* is accompanied by:

- (1) Documentation of a public process to solicit project ideas from local residents and community groups, and an air district summary of the results of that process.
- (2) A list of projects under executed contract with invoices pending, or approved by an air district governing board, or under air district staff review for eligibility and funding. The total cost of the projects listed should equal the amount of funds requested. The air district will indicate whether each project listed satisfies evaluation criteria for benefits to priority populations. The CCI Funding Guidelines criteria for Clean Transportation and Equipment will be used unless otherwise directed by CARB for certain project types (www.arb.ca.gov/cci-resources). CARB may provide a template to facilitate compilation and review of this list.

D. Redirection of Funds

1. **Procedure.** An air district may redirect grant funds already disbursed by CARB to another air district. CARB staff must approve all redirections. Redirection of funds to another air district may be used as a follow-up action when an air district is not meeting liquidation targets, as described in Section I.3. Copies of all documents listed below will be submitted to CARB:
 - (A) *A Redirection of Community Air Protection Incentives Form* provided by CARB, with the appropriate portions completed in consultation with CARB staff and indicating the sums of project and administrative funds to be redirected, which may include interest or other earned funds.
 - (B) Resolutions or minute orders adopted by the boards of the air districts transferring and receiving funds that authorize the redirection.
 - (C) A memorandum of understanding (MOU) or equivalent signed by the APCOs of the two air districts. The MOU must:
 - (1) Specify the details and conditions of the redirection of funds.

- (2) If applicable to the grant, identify which air district is responsible for required match associated with the redirected funds.
 - (3) Identify the funding year and the associated liquidation deadline for the redirected funds.
 - (4) Specify how and when the transferring air district will make payment to the recipient air district.
2. **Retention of Administration Funds.** Air districts redirecting project funds may retain associated administrative funds with approval of the receiving air district. By the end of the fiscal year in which the funds are transferred, the redirecting air district must provide to CARB a description of how the administrative funds have been utilized for the period since the grant was awarded, including but not limited to the following:
- (A) A list public meetings and other outreach conducted to seek direction from local residents and community groups on community needs and potential projects.
 - (B) A summary of air district activities to solicit project applications, including copies of any written grant solicitations and lists of potential applicants to which outreach was directed.
 - (C) A list of project applications submitted and reviewed.
 - (D) A breakdown of staff time devoted to CAP incentives activities.
 - (E) A summary of any CAP incentives training activities for air district staff.

E. Air District Implementation Funds

Air districts with one million or more inhabitants may use up to 6.25 percent of their CAP incentives grant funds for costs associated with the program administration and implementation activities required by the Grant Agreement, while air districts with under one million inhabitants may use 12.5 percent of their CAP incentives grant funds for such purposes. Administrative or indirect project costs may not exceed 4 percent of the total grant funds amount.

- 1. **Project Implementation Costs.** Allowable expenditures for administrative and implementation costs associated with the grant are divided into direct project costs and indirect project costs. Air districts

must keep records of project implementation costs that include all necessary staff and tasks to implement the project. If appropriate, this includes activities such as outreach and education, research, data management, and reporting. Direct and indirect project costs are defined below:

- (A) Direct project costs are the direct project labor and expenses associated with the project, and include, but are not limited to, the following:
 - (1) Personnel costs and fringe benefits.
 - (2) Travel expenses.
 - (3) External consultant and third-party contract fees for direct support.
 - (4) Printing, records retention, and mailing associated with staff working on the project.
 - (B) Indirect project costs are administrative costs not tied directly or solely to the project such as distributed administration and general administrative services; non-project related contracts or subscriptions; rent and office space, phones and telephone services, printing, or mailing services not associated with staff working on the project; or any other costs that are not directly and fully incurred to support the grant. Indirect project costs may not exceed 4 percent of the total grant amount.
2. **Records Retention for Implementation Costs.** Air districts will make available the above described documentation for review during CARB or other State agency monitoring visits, reviews and audits. Such administrative records must be retained for a minimum of five years following the funds liquidation deadline for the grant.
 3. **Mitigation for Unallowable Costs.** An air district that charges unallowable costs for program administration or outreach must substitute eligible administration and outreach expenses equal to the dollar amount found ineligible or return the funds for the unallowable cost to CARB.

F. Accounting Principles

Air districts must establish accounting practices for CAP incentives including the requirements below, as early as practicable and no later than July 1, 2020.

1. **Community Air Protection Incentives Account.** CAP incentives must be accounted for as separate funds or have separate project IDs within the air district's general ledger following Generally Accepted Accounting Principles (GAAP). An air district receiving an allocation of one percent or more of the total appropriation of CAP incentives in a given year must use a Special Revenue Fund for CAP incentives accounting. Other air districts may use a Trust Fund.
2. **Timing of Recognition in Financial Statements.** CAP incentives grants are voluntary non-exchange transactions to the air district. As such the air district should recognize revenues in the fiscal period when all eligibility requirements have been met and the resources are available. For reference see Governmental Accounting Standards Board (GASB) Statements 33 and 34.
3. **Required Financial Statements.** Financial statements containing, at a minimum, the following account balances and transaction classes, as applicable, will be prepared at least annually.
 - (A) Balance Sheet
 - (1) Cash and Cash Equivalents (cash, investment pools, petty cash).
 - (2) CAP Incentives Revenue Receivable (grant funding from CARB).
 - (3) Recapture Revenue Receivable (recapture funds receivable from grant participants for unmet contractual obligations).
 - (4) Salvage Revenue Receivable (revenue receivable from retired equipment sold or auctioned for scrap metal).
 - (5) Accounts Payable (vendor invoices pending for CAP incentives projects).
 - (6) Fund Balance.
 - a. Restricted for Air District Projects.
 - b. Restricted for Administration and Operating Costs.
 - (B) Statement of Revenues, Expenditures, and Changes in Fund Balance
 - (1) Revenue Subsidiary Ledgers.
 - a. CAP Incentives Project Revenue.

- b. Administration and Operating Revenue.
 - c. Recapture Revenue.
 - d. Salvage Revenue.
 - e. Interest Revenue.
 - (2) Expenditure Subsidiary Ledgers
 - a. Project Expenditures (from CAP incentives grants, recapture, salvage, interest).
 - b. Administration and Operating Expenditures including indirect costs.
 - (3) Awards Returned
 - a. CAP incentives air district money returned to CARB for reallocation.
 - b. Transfers In/Out.
- 4. **Interest Revenue.** The air district must maintain accounting records that track the grant's interest earned on CAP incentives separately from other incentive fund programs. The calculation of interest earned must be based on a daily balance or some reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program; and must be consistent with how it is calculated for the air district's other fiscal programs. Interest earned shall only be used for eligible grant-related expenses as specified in applicable guidelines, including administration up to the portion provided for in the Grant Agreement, or be remitted to CARB.
 - (A) An air district electing not to invest CAP incentives cash balances but investing other cash balances should deposit the CAP incentives in a separate checking account to clearly indicate that no such moneys were invested.
 - (B) When invested, CAP incentives should receive equitable pro-rated interest earned on the total funds invested. As State funds, CAP incentives may be invested only in accounts or instruments that reflect the risk appetite of the State. For reference, see Office of the State Treasurer Local Agency Investment Guidelines. Any loss from investments not made in accordance with standards set forth in California Government Codes must be covered by the air district.

- (C) Earned interest is reported annually during Yearly Reporting. An air district will report interest earned on CAP incentives during the previous fiscal year, and that amount is added to the CAP incentives target based on the fiscal year in which it accrued, with a liquidation period equivalent to the amount of time given to liquidate that fiscal year appropriation. In cases where there is no appropriation in the fiscal year the interest is earned, the period of time to liquidate funds given by the Legislature for the most recent appropriation of CAP incentives will be used. Earned interest must be liquidated by the end of the grant performance period or returned to CARB, as described in Section C.1.(K). Documentation of the interest earned must be retained for a minimum of three years following its liquidation.
5. **Recapture and Salvage Revenue.** Revenues earned or collected by the air district through CAP incentives resources, including revenues obtained through salvage and sale of scrapped equipment, must be reported and either retained as a supplemental source of funds for CAP incentives projects or forwarded to CARB for deposit in the appropriate state fund. If recaptured funds or salvage revenues are invested, such revenues must meet the requirements of Section F.4.(B) above. Air districts are not required to earn funds through program actions, or expected to base business decisions on their ability to generate returns or collect funds through program activity.
 6. **Expenditures for Community Air Protection Projects.** All project expenditures out of the CAP incentives account must meet requirements of the CAP Guidelines and the CCI Funding Guidelines applicable at the time of contract execution.
 7. **Reporting Requirements.** No later than six months after the air district fiscal year end, the air district will append to its Yearly Report financial statements displaying revenues and expenditures related to projects funded by CAP incentives, in formats consistent with GAAP.
 8. **Records Retention.** Grant receipts and expenditure documents including invoices, contracts, vouchers, personnel and payroll records should be retained for five years after the grant liquidation period or the last recorded grant transaction, whichever is later.

G. Co-Funding Community Air Protection Incentives Projects

1. **Purpose.** Where feasible and supported by incentive program guidelines, air districts are encouraged to leverage CAP incentives with other incentive program funds to maximize benefits. The CAP Guidelines specify requirements that apply when multiple funding sources are proposed to support a CAP incentives eligible project. All co-funded projects must meet CAP incentives project eligibility criteria in the guidelines and CCI Funding Guidelines applicable at the time of contract execution. There is no limit on the number of co-funding sources to fund a project as long as total project costs are not exceeded and the applicant cost share requirement is met.
2. **Designation of Non-CAP Incentives Funds.** Funds other than CAP incentives may be used to co-fund CAP incentives eligible projects, when all program criteria associated with each funding source are met. Funding sources are grouped into the following categories. Definitions of these categories can be found in Appendix D of the CAP Guidelines.
 - (A) Federal funds.
 - (B) State funds.
 - (C) Local funds.
 - (D) Penalty funds.
 - (E) Other applied funds.
3. **Mitigation Funds.** Mitigation funds may be used to co-fund a CAP incentives project if an air district submits a request for a case-by-case determination in accordance with Section P and receives CARB approval.
4. **Cost-effectiveness Calculation.** Moyer funds, Moyer match funds, CAP incentives, and all AB 923 \$2 Department of Motor Vehicles (DMV) Fees are required to be included in a project's cost-effectiveness calculation. The non-CAP incentives described above in Section G.2 are not required to be included in project cost-effectiveness calculations per sub-division (a) of section 44287.2 of the California Health and Safety Code.
5. **Applicant Cost Share.** An applicant that is not a public entity must provide at least 15 percent of a project's CAP incentives eligible cost from non-public sources. The applicant cost share cannot be covered through in-kind contributions. Furthermore, this provision is adjusted for projects funded with CAP incentives where the Maximum Percentage of

Eligible Cost exceeds 85 percent. For example, a project with a Maximum Percentage of Eligible Cost of 90 percent would have a 10 percent Applicant Cost Share requirement.

An air district may request a case-by-case determination from CARB to waive all or part of an applicant's cost share, in accordance with Section P. In its waiver request, an air district must identify the source(s) and amount(s) of the proposed project's funding and explain the reasons for the cost share waiver, discussing at a minimum either or both of the following factors:

- (A) The public benefit of the project that is above and beyond the emission reductions achieved.
- (B) How the project will advance newer and cleaner technology.

6. **Applicant Disclosure and Payment.** The sum of project funding from all sources may not exceed the total project cost. Applicants must disclose all sources of funding applied for at the time of the CAP incentives project application, and again when submitting each invoice to the air district, prior to payment of CAP incentives. An air district may not issue payment of CAP incentives until all funding sources have been identified and verified and the air district can ensure that the sum of all incentive funds awarded to the project, along with required applicant cost share, does not exceed the total project cost.
7. **Reporting of Project Data.** For co-funded projects an air district will report in the Carl Moyer Program Clean Air Reporting Log (CARL) database consistent with the reporting requirements of Section H. The air district will also report other co-funding sources and funding amounts. When reporting project funding sources to CARL database, air districts will categorize certain co-funding sources as specified below.
 - (A) Funding from investor owned utilities will be reported as "other applied funds," and funding from publicly owned utilities as "local funds."
 - (B) Supplemental environmental project funds will be reported as "other applied funds."
 - (C) Funds from local transit agencies will be reported as "local funds."

H. Reporting

Twice a year the air districts will report to CARB. Air districts will submit a Yearly Report in the fall and a Mid-Cycle Report in the spring. CARB will provide instructions for both reports. Subsequently, CARB staff will report into the California Climate Investments Reporting and Tracking System (CCIRTS). Air districts will complete, certify, and submit these reports by the dates specified in Table 3-1 below.

Reporting for CAP incentives projects may be updated to reflect program changes and California Climate Investments reporting requirements. In the event of a conflict, the California Climate Investments reporting requirements will take precedence.

Table 3-1: Community Air Protection Incentives Reporting Dates

Date	Action
May 31	Mid-Cycle Report (Projects Nov 1 - April 30) due to CARB
June 30	CARB submits data to CCIRTS
November 29	Yearly Report (Projects May 1 – October 31) due to CARB
December 31	CARB submits data to CCIRTS

1. **Reporting in CARL.** Air districts will report project information in the CARL database, either via CARL forms or batch import, sufficient to populate the required data fields and to calculate covered emissions reductions and cost-effectiveness for source categories where required. The air district will ensure that information in CARL is complete, correct, and supported by documentation. At a minimum, the following must be completed:
 - (A) Report interest earned on CAP incentives in the past fiscal year using the *Report Interest & In-Kind Match Form*.
 - (B) Indicate the project is CAP incentives funded in the CARL database project form.
 - (C) Select funding source "AB 617-CAP."
 - (D) Fill out the linked CARL database *CAP Incentives Administration Form* with all vehicle or equipment funded, including:

- (1) Location information.
 - (2) Priority population identification, if applicable.
 - (3) Approach for identifying beneficial projects (e.g. outreach efforts, community-based organization letters, etc.).
 - (4) Project benefits (e.g. reduction of emissions, greater mobility, etc.).
2. **Program Level Reporting.** Air districts will report program level information in the *CAP Incentives Supplemental Document*. The program level report covers mobile sources and associated infrastructure for both Moyer and Proposition 1B Program projects, as well as stationary source and Community Emissions Reduction Program projects funded with CAP incentives. The Supplemental Document (under development) will collect the following information:
- (A) Employments benefits and outcomes (jobs).
 - (B) Public transparency and outreach events (outreach).
3. **Reporting Cycle.** The reporting requirements for Mid-Cycle and Yearly Reports are outlined in Table 3-3. CARB will provide additional instructions about four weeks prior to report due dates. Other information may be requested due to changes in statute or guidelines.
- (A) **Mid-Cycle Report.** Air districts will report project and program level information as described above in Sections H.1 and H.2, with the exception of earned interest, which is reported in the Yearly Report.
 - (B) **Yearly Report.** Air districts will follow mid-cycle reporting above, and the provide the information listed below
 - (1) Output generated by the Required Reports utility of CARL database for the default years specified in the utility, if available.
 - (2) Contract execution and liquidation status for each grant year of CAP incentives. Funds will be reported relative to the progress milestones identified in Section I below.
 - (3) CARB will maintain in CARL database appropriate progress tracking targets for each funding year. These funding targets will include the total funds required to meet contract execution and liquidation progress milestones.

CARB will adjust progress tracking targets to account for the movement of funds into and out of an air district's account, including redirected funds and other changes agreed to in consultation with air districts. This includes:

- a. The amount of any interest reported on CAP incentives held in local accounts. An air district may choose to designate in the Yearly Report all or a portion of this interest for remittance to CARB.
 - b. Funds recaptured from liquidated projects, including funds provided back to the air district following CARB enforcement actions, identified by project name and funding year.
 - c. Non-grant revenue earned on their CAP incentives, such as from the sale of scrapped engines or equipment.
- (4) A list of any projects identified as nonperforming and a brief narrative of any related enforcement actions.
4. **Supplemental Reporting and Certification Form.** The air district APCO, Chief Financial Officer (CFO), and CAP incentives administrator must sign and certify that the project and fiscal information contained within the Yearly Report is, to the best of their knowledge, accurate and complete. The APCO may also serve as the CAP incentives administrator. The APCO may designate an alternate to the CFO if the designated alternate is someone other than the APCO or Program Administrator. The air district will maintain documents in support of the report at the air district office, and make them available to CARB staff upon request.
 5. **Project Eligibility.** Receipt of a Yearly Report by CARB does not imply CARB approval of project eligibility. Air district staff is responsible for project approval and funding eligibility determinations. Air districts that are found to have funded ineligible projects will be required to substitute eligible projects equal to the amount found ineligible or return the ineligible amount to CARB.

I. Yearly Progress Tracking

1. **Yearly Progress Milestones.** To support timely emissions reductions and track progress toward statutory fund liquidation requirements, air

districts and CARB will work together to meet recommended progress milestones as follows. The first milestone is for an air district to have 50 percent of the awarded project funds under executed contract. The second milestone is for an air district to have 100 percent of the project funds under executed contract and 50 percent of project funds liquidated. The third and final milestone is for an air district to have 100 percent of project funds liquidated. Progress will be reported in Yearly Reports and monitored by CARB and air district staff in the months prior to the Yearly Report. CARB will determine exact milestone dates for each Yearly Report based on the applicable Legislative deadline given for each appropriation of CAP incentives, and air districts will make every effort to achieve these milestones. As an example of progress milestone dates, Table 3-2 shows milestone dates for the CAP incentives appropriated in fiscal years 2017-18 that had a liquidation deadline of three years.

Table 3-2: Example Milestone Dates for CAP Incentives Appropriated in Fiscal Year 2017-18

Milestone Number	Milestone	Date of Milestone
One	50% of project funds under executed contract	June 30, 2019
Two	100% of projects funds under executed contract and 50% of project funds liquidated	June 30, 2020
Three	100% of grant funds liquidated	June 30, 2021

2. **Cancelled Contracts.** Any funds associated with an engine, vehicle, equipment, or stationary source project item cancelled from a contract prior to the liquidation of the contract as a whole will no longer be considered executed beginning at the time of the cancellation.
3. **Follow-up Actions.** Progress milestones are advisory in nature. CARB liaisons and management will work with air districts that do not demonstrate sufficient progress toward contract execution and project liquidation targets. When an air district cannot demonstrate that the second progress milestone has been met by the date set by CARB, the air district will append to the Yearly Report a progress statement. The

statement will address the reasons for delays in executing contracts or completing payment for projects, and the schedule for follow-up actions. Such actions may include specific steps to improve progress or the redirection of funds to air districts better equipped to meet statutory liquidation deadlines.

J. Funding Year Liquidation

1. **Liquidation Requirement.** By June 30 of each year, air districts must have liquidated all CAP incentives in accordance with liquidation deadlines established by the Legislature, including recaptured funds and other funds added to the funding target for that year. For example, CAP incentives appropriated in fiscal year 2017-18, which have a three year liquidation deadline, must be fully liquidated by June 30, 2021. An air district may be able to resolve an apparent liquidation shortfall by modifying in the CARL database the funding years from which funds are assigned to projects.
2. **Liquidation Terms.** Project liquidation is demonstrated when all funded equipment in a project are paid-in-full and post-inspected. Funding year liquidation is demonstrated when all funds assigned to a funding year have been paid out in full, with the exception of any withheld payments.
3. **Ongoing Maintenance Requirements.** Air districts must liquidate spending towards projects by the liquidation deadline in their Grant Agreement, which may vary depending on the fiscal year in which the funds are awarded. The grantee must continue to fulfill obligations including proper maintenance of their equipment through the duration of the project life.
4. **Data Completion.** Projects associated with liquidated funding years may not be revised in or removed from the CARL database after the funding year is liquidated, except in unusual circumstances following consultation with and written approval by CARB staff.
5. **Withheld Payments.** For completed projects for which all invoices have been paid except for a small amount withheld pending grantee reporting, both the paid funds and the withheld funds will be considered liquidated for the purpose of funding year liquidation. Withheld payment practices must be addressed in the project's contract and in the air district's Policies and Procedures Manual. Withheld progress payments considered to be liquidated per this section that are not

ultimately paid to the grantee due to nonperformance will be reported as recaptured funds.

K. Return and Reallocation of Funds

1. **Return of Unliquidated Funds.** If CARB staff identify a liquidation shortfall that cannot be resolved through reassignment of liquidated funds from more recent years, and the remaining unliquidated funds are not under executed contract, the air district must submit and CARB must receive a check for the shortfall amount by September 28 (i.e., 90 days after the June 30 liquidation deadline). CARB will provide instructions for the return of funds. No additional disbursements will be made to the air district until funds subject to return have been received by CARB.
2. **Return of Other Funds.** An air district choosing to remit to CARB all or a portion of earned interest or to return other funds, following consultation with CARB, may do so using a *Return of Funds Form* provided by CARB staff.
3. **Reallocation.** If state accounting practices permit it, CARB staff will add funds returned by air districts to the subsequent cycle of CAP incentives funding.

L. Program Nonperformance

1. **Monitoring Nonperformance.** CARB monitors air district programs to ensure that participating air districts conduct their programs consistent with the criteria and guidelines established by the Board. Program nonperformance is an air district's non-compliance with program guidelines or statute that is not corrected by the air district in a timely or satisfactory fashion. CARB may become aware of possible air district nonperformance through Yearly and Mid-Cycle Reports, Incentives Program Review, air district self-reporting, or other means. Examples of program non-compliance with program guidelines or statute include, but are not limited to, the following:
 - (A) Failure to show adherence to grant objectives described in the General Term and Conditions of the Grant Agreement, including outreach requirements and meeting community funding targets.
 - (B) Failure to return unliquidated funds within 90 days of the liquidation deadline.

- (C) Misuse of CAP incentives, including funding of ineligible projects.
 - (D) Insufficient or improper program oversight and enforcement, including widespread deficiencies in project contracting, inspections, reviews, or audits.
 - (E) Insufficient, incomplete, or inaccurate project documentation.
 - (F) Failure to submit timely and accurate reports to CARB.
 - (G) Other non-compliance with program guidelines or statute.
2. **Nonperformance Procedures.** When CARB determines that an air district program is not complying with program guidelines, the CARB liaison and manager will work with air district staff to understand the issues, and develop a plan and timeline to resolve them. If the CARB Branch Chief determines that the issues related to program nonperformance have not been resolved, CARB will send by email to the air district program contact a program nonperformance notification, that contains the following:
- (A) Description of the unresolved issues, including pertinent details such as names of involved persons and projects, dates, dollar amounts, and citations of relevant program guidelines sections, H&SC sections, and regulations.
 - (B) Possible solutions to the problem, if some have been identified, and/or an offer of CARB assistance.
 - (C) Arrangements for a possible meeting between the CARB Branch Chief and the air district APCO to agree on a plan and timeline for resolving the problem. The plan and timeline shall be recorded by the CARB air district liaison and emailed to the air district APCO within five business days of the meeting.
3. **Withholding of Funds by CARB.** Lacking satisfactory resolution of the issues that have resulted in the nonperformance notification, the CARB Executive Officer will determine if the nonperformance warrants withholding funds that have been granted to the air district and not yet awarded to approved projects. If so, CARB will send a letter of program nonperformance to the air district APCO. The letter will set a public meeting to be held at the air district's offices (or other appropriate facility within the air district). The purpose of the meeting will be to consider public comments prior to withholding any funds.

M. Incentives Program Review

1. **Purpose.** CARB conducts Incentives Program Reviews to help ensure that air district programs achieved expected emission reductions and are implemented in a manner consistent with these CAP Guidelines, the Moyer Guidelines and CAP Supplement where applicable, and State law (H&SC § 44291, 39500). CARB Incentives Program Reviews place emphasis on collaboration with the affected air district in the review process. Features of this approach include a joint initial review of project files, ongoing and regular communication with air district staff throughout the file review process, and where possible, an opportunity for air districts to correct problems prior to their inclusion as findings in the final report.
2. **Scale of Review.** CARB uses a risk-based approach to select specific air district programs and projects to review, and to select fiscal years within the scope of each review. Air districts are selected for Incentive Program Review based on identified need or with consideration of program funding amount. A CAP incentives review at a selected air district may coincide with review of other State incentive programs at the same time.
3. **Fiscal Compliance Audits.** CARB may also contract with independent auditors including the California Department of Finance's Office of State Audits and Evaluations or the State Controller's Office to conduct audits of incentive program fiscal compliance. The independent auditors will conduct these audits in accordance with the Generally Accepted Government Auditing Standards, and will prepare reports on the results of the audits including any findings. CARB retains final authority with respect to corrective measures and follow-up, in consultation with the air district.
4. **CARB Responsibilities.** CARB will conduct Incentive Program Reviews in a manner that reflects its entrusted accountability and responsibilities.
 - (A) CARB will generally define the scope of the CAP incentives, to cover the years not covered in the previous review. The scope of years within review may vary among incentive programs. Once a funding year is reviewed, CARB will not review it again unless warranted. CARB reserves the authority to investigate possible fraud or misuse of funds in any program year.
 - (B) CARB will maintain open channels of communication with the air district during the review. CARB will fully explain the review's

scope and procedure at the beginning of the process, discuss preferred channels of communication with the air district, inform the air district of potential issues as they unfold, provide full and ongoing opportunity for air district input, provide the air district opportunities to correct problems that arise during the review process, thoroughly discuss any findings and recommendations with the air district before and during the exit interview, and provide the air district an opportunity to formally respond to the Incentives Program Review report.

- (C) To ensure objectivity and predictability, CARB will base its findings and recommendations on State law, applicable guidelines and Mail-Outs, Grant Agreements, email communications between CARB and the air district, the air district's Policies and Procedures Manual, case-by-case determinations, and the air district's local requirements.
 - (D) All Incentives Program Review reports, air district responses, and related documents shall be made available to the public via posting on CARB's website.
 - (E) CARB will conduct follow-up activities to ensure any deficiencies remaining following review are promptly and effectively mitigated. CARB will offer its assistance to air districts working to correct deficiencies.
5. **Air District Responsibilities.** Air district staff and management will participate in entrance and exit interviews, support collaborative review and open communication with CARB staff, ensure that program files and other requested information are available to CARB review staff and the Fiscal Auditor, work to fully and promptly mitigate deficiencies identified during the review, work to resolve any disagreements, and request assistance from CARB as necessary.

N. Requirements for Project Applications

- 1. **Data Required for CARL database.** Project applications must include the information needed for calculation of project cost-effectiveness, including project location information that is needed to complete the Community Air Protection administration form in the CARL database.
- 2. **Existing Engine Usage.** As applicable, project applications must include documentation of existing engine usage, such as miles traveled, hours

operated, or fuel consumed per year, for 24 months or as specified in the Moyer Guidelines and/or CAP Guidelines by source category. This information will be used to evaluate project cost-effectiveness and maximum grant award amounts where applicable.

3. **Active Duty Military Applicants.** If an applicant has been on active military duty at any time during the previous 24 months, documentation prior to deployment and covering the same length of time as the deployment period may be used to meet the title, registration, usage, and operation in California requirements as applicable for each source category. The applicant must submit a copy of *DD Form 214, Certificate of Release or Discharge from Active Duty* to verify military service during the deployment period.
4. **Third-Party Signature.** Applications must include a signature and date section for third parties. A third party may complete an application or part of an application on an owner's behalf if the vehicle, engine, or equipment owner signs and dates the application.
5. **Applicant Certification.** Project applications must include language informing the applicant that by signing and submitting the application, the applicant certifies under penalty of perjury that the information in the application is accurate and true. In addition, the application must include the following statements that the applicant or the applicant's designee must certify as accurate and true:
 - (A) A disclosure statement consistent with Section G.6 of this chapter, specifying whether the applicant has submitted an application for incentive funds to any other entity or program for the same equipment (for example, repowering of the same engine). The applicant must disclose to whom other applications were submitted, whether funds have been awarded or may be awarded, and the amount or potential amount of other funding.
 - (B) A regulatory compliance statement certifying that the applicant is currently in compliance with all federal, State, and local air quality rules and regulations at time of application submittal, and is not aware of any outstanding or pending enforcement actions.
6. **Applicant Non-Disclosure.** An applicant who is found to have applied for or received incentive funds from another entity or program for the same project without disclosing that information, as required by the guidelines applicable to the project, shall be disqualified from funding

for that project from all sources within the control of an air district or CARB. The air district or CARB may also seek civil penalties for such non-disclosure.

7. **Subsequent Applications.** An applicant may re-apply for project funding if a previous application for the same project has been rejected by the air district and is no longer being considered for funding.

O. Application Evaluation and Project Selection

1. **Review for Completeness.** Air districts must review all applications for completeness upon receipt and notify an applicant within 30 working days of receipt if the application is not complete. The air district must make every effort to clearly state to the applicant what is required to make the application complete. The application and all correspondence with the applicant should be kept in the applicant's project file. Additionally, the record of each project's rating and ranking as applicable, receipt date, and other project selection criteria must be maintained with the project file.
2. **Credibility.** Air districts are responsible for determining that project applications are credible, made in good faith, and in compliance with applicable guidelines for the project.
3. **Eligibility.** Air districts must ensure that the emissions reductions provided by selected projects are eligible and in excess of adopted regulations and other legal requirements. This should include verifying that the project meets the minimum requirements in the appropriate source category chapter, including:
 - (A) Documentation of historical vehicle, equipment, or engine usage.
 - (B) Documentation of project costs.
 - (C) Engine or retrofit device Executive Orders, if applicable.
 - (D) Proof of a vehicle compliance check as needed for on-road projects.
 - (E) Other documentation identified in the source category chapter.
4. **Application Tracking.** Air districts must have a system for tracking applications. The CARL database may be used to satisfy this requirement if an air district enters the data from all applications received into this database, whether the application is provided funding or not.

Air districts not using CARL database will track the information needed to populate required CARL data fields. A tracking system is not required for air districts receiving under one-half percent of the current fiscal year total CAP incentives, or \$1,000,000, whichever is less.

5. **Project Selection.** After reviewing applications for project eligibility, the air district must follow Grant Agreement requirements and its Policies and Procedures Manual, including provisions to ensure engagement of community members and, if applicable, Community Steering Committees, in selecting projects. Projects approved for funding must meet all applicable guideline requirements.
6. **Project Evaluation.** An air district must ensure each project selected for CAP incentives funding meets any emissions reduction and or cost-effectiveness requirements that apply. In cases where the CARL database indicates these requirements are not met, an air district representative must contact his or her CARB liaison to re-evaluate project eligibility.
7. **Recordkeeping.** The air district must maintain a file for each project selected for funding. Files may be retained in an electronic format if complete and easily accessible. Unless otherwise specified by source category or in Section F.8, project files must be retained three years following the end of the contract term. In the event final payment has not been issued prior to the end of the contract term, the three-year clock is re-started upon final payment. Applications for unfunded projects must generally be kept a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period. NOTE: Clean truck projects funded under Proposition 1B Program Guidelines may have separate and more stringent records retention requirements.
8. **Subsequent Application and Double-Counting.** CAP incentives participants that received funding and are still under contract may not apply for funding for the same project from CAP incentives, Moyer Program funds, from the Proposition 1B Program, or any other program.
 - (A) If an air district chooses to amend a contract to reduce the term, the amended project must be cost-effective during the reduced contract term, based on the cost-effectiveness values and limit that applied when the original contract was executed. If an air district agrees to accept a prorated repayment of the CAP incentives grant, the repayment and amended contract execution

must both occur prior to the execution of any new contract for funding.

- (B) Emissions reductions from previously funded projects must not be included as emissions benefits for any subsequent project for the CAP incentives, the Moyer Program, the Proposition 1B Program or any other program.

P. Case-by-Case Determination Process

1. **Limitations.** CARB (Incentives and Technology Advancement Branch) staff may approve on a case-by-case basis a project that varies from specific requirements of applicable guidelines only if CARB staff determines that such approval will not adversely affect achievement of the Community Air Protection Program objectives to reduce criteria air pollutant emissions and community-specific air toxic contaminants. Case-by-Case approvals also may not result in an exceedance of the applicable cost-effectiveness limit, reduce program transparency, or cause a violation of law or regulation. Air districts are required to request a case-by-case determination even if they believe a project is similar to previously approved case-by-case projects.
2. **Procedure.** An air district may request CARB review of the project for a case-by-case determination using the procedure below. After receipt of all information needed, CARB will respond to the air district within 15 business days with a determination or estimated date of determination.
 - (A) The air district will submit the following to the Moyer Program/CAP incentives air district liaison:
 - (1) A summary of the request, with reference(s) to the pertinent area(s) of the Moyer Guidelines and/or CAP Guidelines for which the air district is asking for additional guidance and approval.
 - (2) Documents containing information essential to the determination, including but not limited to: baseline and new engine information; the associated CARB engine Executive Orders and/or United States Environmental Protection Agency (U.S. EPA) Certificates of Conformity for baseline and new engines; other related applicant information from a completed application.

- (3) Information regarding how the proposed project benefits priority populations.
 - (4) Other information and documents as requested by CAP incentives staff and/or Moyer Program source category staff.
- (B) CARB will make one of the following determinations:
- (1) **Approved.** Approval of a project does not imply or equate to “blanket approval” of other similar projects.
 - (2) **Not Approved.** Non-approval of a project does not imply or equate to “blanket non-approval” of other similar projects.
 - (3) **No Action/Case-by-Case Approval Not Required:** CARB evaluation concludes that a case-by-case determination is not required if the request already conforms to the requirements or intent of the applicable guidelines.
3. **Public Availability and Recordkeeping.** CARB will post on its website all case-by-case determinations submitted for review and approval. Projects funded with CAP incentives will be noted. Air districts will keep a copy of the determination, either approved or not approved, in the project file.
4. **After Contract Execution.** Air districts should always attempt to request a case-by-case determination prior to contract execution. CARB will consider requests for case-by-case determination subsequent to contract execution only when an unforeseen event leads to a project or program element that varies from the requirements of these CAP Guidelines.

Q. Minimum Contract Requirements

- 1. **General Requirements.** Air districts participating in the CAP incentives must execute contracts with prospective grantees who will receive CAP incentives. All CAP incentives project contracts must include the elements described in this section. Projects funded with CAP incentives may not be used to generate a compliance extension or credit for regulatory compliance. All executed project contracts and contract amendments must be kept in the air district’s project files.
- 2. **Party Names and Date.** All contracts must state the name of the air district and the grantee as parties to the contract. Contracts must include

signature blocks with an area for the dates the contract is signed, or the execution date must otherwise be clearly indicated in the contract. If a digital signature is used in lieu of the original signature, the digital signature must comply with California Government Code section 16.5, Title 2, California Code of Regulations, sections 22000–22005.

3. **Notices.** All contracts must include contact information for both parties to the contract, including how to send and receive notices.
4. **Funds from Other Sources:**
 - (A) Grantees must certify that they have disclosed all funding sources that they have applied for or received for a project, and that the grantee will notify the air district of additional sources of funding received for the total cost of the project, including any sources that become available after contract execution.
 - (B) Grantees that co-fund a project must meet all criteria associated with each funding source used to fund the project.
 - (C) Except as specified in applicable guidelines for a project, a grantee that is not a public entity must provide at least 15 percent of a project’s CAP incentives eligible costs from non-public sources (see Section G). The contract must prohibit the grantee from receiving grants and other funds that exceed the total project cost.
 - (D) A grantee may receive CAP incentives from multiple air districts for the same project if these entities are coordinating to jointly fund portions of the project. The contract must list the entities involved and funding provided.
5. **Contract Term.** All contracts must specify the term of the contract. The contract term shall include two timeframes – “project completion” and “project implementation” – to ensure that the air district and CARB can fully enforce the contract during the life of the CAP incentives funded project.
 - (A) **Project Completion.** Project completion is the timeframe starting with the date of execution of the contract to the date the project post-inspection confirms that the project has become operational. This includes the time period when an engine, equipment, or vehicle is ordered, delivered and installed. The contract must include a specified timeframe in which project completion will occur so that the contract is liquidated in accordance with

liquidation deadlines established by the Legislature. Under no circumstances may the liquidation date be extended beyond the liquidation deadline established by the Legislature.

(B) Project Implementation. The project implementation timeframe is the second part of the contract term, and must equal the project life used in the project cost-effectiveness calculation. The contract must specify that the grantee is required to operate and maintain their CAP incentives funded project according to the terms of the contract for the full project implementation period.

6. **Project Specifications.** All contracts must include detailed information on the baseline and new vehicles, mobile equipment, stationary equipment, and/or engines that were used in the project cost-effectiveness calculation as applicable. This requirement may be met by including the project application as an attachment to the contract as long as the application is accurate and complete.

(A) An eligible replacement vehicle, mobile equipment, stationary equipment, and/or engine that is verified or certified to achieve equivalent or greater reductions than the original project replacement vehicle, equipment and/or engine, in the same location as the original project replacement vehicle, equipment, and/or engine, may be substituted with prior approval of the air district.

(B) At least 24 months of documented and verified historic usage is required for the baseline engine, such as miles traveled, hours operated, or fuel consumed, and in this case, usage is not required to be in the contract. If this information is not available, the air district may estimate the usage for the old engine and the estimated usage must be included in the contract.

(1) The types of acceptable documentation for establishing historical annual usage will be clearly defined in each air district's Policies and Procedures Manual and will be subject to CARB approval.

(2) Additional forms of documentation to verify historical annual usage that are not included in an air district's Policies and Procedures Manual can be evaluated and approved by CARB on a case-by-case basis.

- (C) For stationary source project contract requirements, refer to the applicable source category chapter for more detailed information. Requirements may differ from those applicable to mobile sources.
 - (D) Contracts must also contain a statement that the project complies with all applicable guidelines and that the grantee will meet the following requirements:
 - (1) Certify that the grantee's fleet, engine(s), equipment/vehicle, or stationary source is in compliance with all applicable federal, State, and local air quality rules and regulations at time of contract execution.
 - (2) Maintain compliance with all applicable federal, State, and local air quality rules and regulations for the full contract term.
 - (3) For repower projects, the installation of the engine must be completed in a manner such that it does not void the engine warranty provided by the manufacturer and any remaining warranty provided by the equipment/vehicle manufacturer.
 - (E) Contracts must specify the following:
 - (1) Projects funded with CAP incentives must be included when defining the size of the fleet for determining regulatory requirements.
 - (2) Throughout the contract term, projects funded with CAP incentives must not be used to generate credits or compliance extensions, and must be excluded when determining regulatory compliance.
7. **Maintenance.** All contracts must require the grantee to maintain the vehicle, equipment, engine, and/or funded infrastructure according to the manufacturer's specifications for the life of the project, and include a prohibition on engine tampering. The grantee must maintain a working hour meter for projects that use hours of operation as a means of calculating emissions reductions and cost-effectiveness. If the hour meter fails, the grantee must immediately notify the air district, and remain responsible for validating any hours not recorded by the hour meter. The grantee must either repair or replace the non-operating meter or provide other documentation of equipment operating hours acceptable to the air district.

8. **Payment.** Before a CAP incentives payment may be made to a project participant, the project contract must be executed, an eligible invoice must be received by the air district, and the project post-inspection must be successfully completed to document the completion of the work specified in the invoice. The equipment must be operational before the final payment is issued. All contracts must include the following payment terms:
 - (A) **Maximum Contract Amount.** The maximum contract amount must not exceed the maximum funding level corresponding to the current program cost-effectiveness limit, nor may the maximum contract amount exceed the project incremental cost. The maximum contract amount must also comply with any funding caps and other criteria for the specific project category as identified in these CAP Guidelines.
 - (B) **Itemized Invoices.** Payment terms must require itemized invoices from the engine or equipment supplier for repowers and infrastructure projects, paid invoices from the vehicle owner for new vehicles, and satisfactory post-inspection by the air district prior to payment of the owner's invoice. An invoice payment for a specific vehicle, engine, or piece of equipment may not exceed the amount indicated on the project contract for that vehicle, engine, or equipment. The contract should be clear that the air district will pay the lower of the contract amount or the final invoice amount. Invoices must meet the minimum requirements of Section T to be eligible for CAP incentives.
9. **Reporting.** All contracts must include a provision for grantees to submit annual reports commencing no later than 18 months after project post-inspection and continuing annually thereafter throughout the project implementation phase of the contract. The air district must include the dates the grantee Annual Report is due.
 - (A) During the project implementation phase, the air district is responsible for monitoring the project to assure the project is operational and that the project emissions reductions and other benefits are realized.
 - (B) The contract must inform the grantee that noncompliance with the reporting requirements will require on-site monitoring or inspection(s).

10. **On-Site Inspections, Audits and Records.** All contracts must include language that allows the air district, CARB, or their designee to conduct an inspection or audit of the project, including stationary source projects, engine, vehicle, or equipment and associated records, during the contract term. Contracts must also require the owner to maintain and retain usage and other records associated with the project for at least three years after the end of the contract term.
11. **Repercussions for Nonperformance.** Air districts must include repercussions for non-compliance with the obligations of the contract.
 - (A) The contract must specify that by executing the contract, the grantee understands and agrees to use the vehicle, mobile equipment, stationary equipment, and/or engine, according to the terms of the contract and to cooperate with the air district and CARB in implementation, monitoring, enforcement, and other efforts to assure the emissions benefits are impactful to the needs of the communities in which the vehicle or equipment will operate, and that the project is responsive to identified community priorities and guidance.
 - (B) The contract must describe the repercussions to the grantee for noncompliance with contract requirements, including but not limited to, cancelling the contract and recapturing project funds in proportion to any loss of emissions reductions or underutilization as agreed to in the contract.
 - (C) The contract must inform the grantee that CARB and the air district have the authority to seek any remedies available under the law for noncompliance with CAP incentives requirements and nonperformance with the contract.
 - (D) The contract must state that CARB, as an intended third-party beneficiary, reserves the right to enforce the terms of the contract at any time during the contract term to ensure emissions reductions are obtained.

R. Project Pre-Inspection

1. **Requirements.** Upon confirming a project's eligibility, the air district must complete a pre-inspection prior to contract execution, except as specified in this section.

- (A) All projects must be pre-inspected personally by air district staff, except that air districts may choose, at CARB discretion, to allow public agencies (e.g., public works departments, transit organizations, and school districts) to provide documentation of the engine(s), equipment, and usage in lieu of a pre-inspection.
 - (B) Air districts receiving less than one-half of one percent of the current fiscal year total of CAP incentives, or \$1,000,000, whichever is less, may reduce their required project pre-inspections to a minimum of 25 percent of the total number of projects associated with the current fiscal year funds. However, at least one project must be selected for review from each source category.
2. **Documentation.** The pre-inspection form and information to be documented must include, at a minimum, the following:
- (A) Information regarding the baseline engine, vehicle, or equipment as needed to uniquely identify, establish eligibility, provide a basis for emissions calculations, populate the CARL database, and ensure contract enforceability. Such information includes (as applicable) make, model, year, horsepower, fuel type, engine family, engine tier, serial number, vehicle identification number (VIN), and any additional information pertinent to the project. Engines without a visible and legible serial number must be uniquely identified by having the engine block stamped with a unique CAP incentives number or alternative permanent marking such as an engine tag. For stationary source projects refer to the specific source category chapter for information requirements.
 - (B) The project usage (hours or miles) meter reading if used in the project cost-effectiveness calculation. The inspector must verify that stated project usage is reasonable given the usage meter reading.
 - (C) Verification that the engine is operational (with a start-up) and that the engine is working as described in the application (document function and use).
 - (D) Photo documentation of the engine, vehicle, or equipment information. The photos must include the legible serial number of the engine (if available) and/or any other identifying markings. For

stationary source projects, refer to the source category chapter for photo documentation requirements.

- (E) Other relevant information including, but not limited to:
 - (1) Name of inspector.
 - (2) Date of inspection.
 - (3) Name and contact information of engine or equipment owner.
 - (4) Location and area of operation of the engine or equipment.
- 3. **Compliance Certification.** No later than the time of pre-inspection the air district must obtain certification and submission of supporting documentation from the applicant that their engine(s), vehicle/equipment, or project fleet is currently in compliance with the applicable rules or regulations affecting the engine(s), vehicle/equipment for which they are requesting funding.
- 4. **Recordkeeping.** The air district must maintain a hard copy of the completed pre-inspection form in the air district's project file.
- 5. **Inspection after Contract Execution.** The project pre-inspection must be completed prior to a project contract execution and the information in the contract must be consistent with the information gathered during the pre-inspection. An air district may apply to CARB for approval to conduct pre-inspections after contract execution only on a case-by-case basis. Case-by-case approval of such a procedure will depend upon the following conditions being met:
 - (A) The air district describes the program benefits it would achieve by conducting pre-inspections after contract signature.
 - (B) The project contract includes language to indicate contract terms may be adjusted or the contract may be deemed void based upon information collected during the pre-inspection. The air district must also include a process for informing the prospective grantee of such.
 - (C) The air district's Policies and Procedures Manual clearly specifies the process for conducting pre-inspections after contract execution and any additional procedures enacted to ensure the project achieves emissions reductions in excess of those otherwise required by law or regulation. Work on the project engine,

vehicle, or equipment may not commence until after the pre-inspection.

S. Project Post-Inspection

1. **Requirement.** An air district must gather and document post-inspection information on all projects funded with CAP incentives. For post-inspection of infrastructure projects, see Chapter 10 of the Moyer Guidelines for further guidance. For stationary source projects, refer to the applicable guidelines source category chapter.
 - (A) The air district will conduct a post-inspection after it receives an invoice for a project from the grantee or otherwise receives notice the project is complete. Information on the invoice must be consistent with the information gathered at the post-inspection. If the post-inspection occurs before the air district receives the project invoice, the invoice must be reviewed for consistency with the new engine, vehicle, equipment information, stationary source project scope, or from the post-inspection form.
 - (B) When 20 or more vehicles are included in a vehicle replacement project or a public fleet or transit agency project, the air district is not required to post-inspect each replacement vehicle, but must inspect no fewer than five percent of the vehicles included in the project.
 - (C) The inspector must record, at a minimum, information regarding the new project engines, vehicles/equipment, and retrofit devices as needed to uniquely identify, establish eligibility, provide a basis for emissions calculations, and ensure contract enforceability. Information sufficient to populate all required fields in CARL database must be recorded. Submersible pump inspections may have the applicant take a picture of the motor name plate information including, make, model, and serial number prior to installation inside the irrigation well. The air district will verify the make, model, and horsepower rating information with the project invoice.
 - (D) The engine must be operational in the equipment or vehicle as stated in the contract. The inspector must visually witness all engine startups and operation of all mobile projects.

- (E) The engine, vehicle/equipment, and retrofit information must be documented with photos. The photos must include the serial number of the engine or retrofit (if legible) and/or any other identifying markings. Photos of the scrapped or destroyed engine and equipment must be included.
 - (F) The post-inspection form must also contain other relevant information including, but not limited to:
 - (1) Name of inspector.
 - (2) Date of inspection.
 - (3) Name and contact information of engine or equipment owner.
 - (4) Location of the engine or equipment.
 - (G) The air district must maintain a hard copy of the completed post-inspection form in the air district's project file.
2. **Equipment Labels.** Post-inspection of a retrofit device requires the collection of additional information from the labels affixed on both the retrofit device and the engine. If the proper labels are missing, payment may not be made until this is corrected. Potential scenarios are summarized below, which air district staff must address prior to payment:
- (A) The retrofit device is properly labeled but the engine lacks a label: An engine label should be readily obtainable from the retrofit manufacturer by reference to the serial number. The air district may make payment once the grantee has been informed that the engine must also be labeled.
 - (B) The retrofit device is labeled but the label does not have the required items: The air district may make payment once it gets approval from CARB regarding an approved alternate label or a compliant label has been installed on the retrofit device.
 - (C) The engine is properly labeled but the retrofit device lacks a label: The air district may make payment once a compliant label has been installed on the retrofit device.
 - (D) No label is found on either the engine or the retrofit device: The air district may make payment once a compliant label has been installed on both the engine and the retrofit device.

3. **Electric Motors.** Post-inspection of a new electric motor on an agricultural pump must also include recording of the serial number of the variable frequency device if the project includes one.
4. **Verification of Destruction.** If required, the air district must verify that the existing (baseline) engine and/or equipment is destroyed and rendered permanently unusable and irreparable, consistent with requirements in applicable guideline source category chapters and with the air district Policies and Procedures Manual.
 - (A) Air district staff must verify and document through photographic or video evidence that the destroyed engine serial number matches that on the project contract.
 - (B) Air district staff must verify that engines without a visible and legible serial number are uniquely identified by the correct air district stamp or other permanent marking prior to engine destruction.
5. **Consistency with Contract.** The air district must verify that the information collected in the post-inspection is consistent with the project contract.

T. Project Invoice and Payment

1. **Prior to Payment.** Except as specified below, an air district will make payment for a project or equipment only after air district post-inspection finds the project or equipment in place and operational, and the air district receives an invoice itemized in sufficient detail to ensure that only completed and eligible project costs are reimbursed, and other sources and amounts of funding for the project are reviewed to ensure the sum of all project funds does not exceed the total project cost (per Section G). Exceptions are limited to progress or partial payments in cases where the grantee provides the air district with sufficient evidence of completing milestones specified in the contract, consistent with conditions specified in the air district's Policies and Procedures Manual. The air district must maintain a clear record of progress payments in the project file and in records of the air district administration or fiscal unit. Progress payments include final payments that are withheld until all reporting requirements are met (also known as "withheld payments").
2. **Eligible Costs.** Equipment and parts on engine repower or retrofit projects are eligible for funding only if they are required to ensure the

effective installation and functioning of the new engine or retrofit, and are not part of typical vehicle or equipment maintenance or repair. Taxes and the installation and transport costs for eligible hardware are eligible for funding at the air district's discretion. For labor expenses paid, the invoice must detail the number of hours charged and the hourly wage. See source category chapters for additional specification of eligible costs.

3. **Ineligible Costs.** Ineligible repower costs include tires, axles, paint, brakes, and mufflers. See source category chapters for additional specification of ineligible costs.
4. **Limitations on Applicant Action before Air District Approval.** An applicant may not order or make a down payment on a new engine, piece of equipment, or vehicle prior to contract execution or approval by the air district governing board or board designee. Dealers ordering engines, equipment, or vehicles prior to air district approval of grant application awards assume all financial risk and are in no way ensured program funds. A grantee may not receive engines, equipment, or vehicles, nor begin work on a repower or retrofit project until the project contract is fully executed, unless the air district has provided the potential grantee with written notification that any work performed is not guaranteed funding until a contract is executed. For infrastructure projects, discretionary costs may be accrued by an applicant prior to contract execution, but such costs are not reimbursable until after contract execution.
5. **Invoice Procedures.** The air district will maintain copies of all invoices and documentation of payment in the project file or otherwise keep copies available on-site at the air district office. Invoices received after the project post-inspection has been completed must be evaluated for consistency with the information gathered during the project post-inspection. Additional project invoicing requirements may also be included in the source category chapters of these CAP Guidelines.
6. **On-Road Compliance Checks.** For on-road and emergency vehicle projects as applicable, should a compliance check indicate that there is an outstanding violation with any vehicle in the applicant's fleet, no payment shall be made until the applicant provides proof to the air district that each violation has been corrected and each fine has been paid.

7. **Regulatory Compliance.** Where a contract requires a grantee to demonstrate that specific regulatory compliance requirements have been met in order to receive funding (such as engines subject to the Portable Equipment Airborne Toxic Control Measure), air districts may not pay invoices until the grantee has provided documentation that the requirements have been met. A project participant may demonstrate this via a detailed letter signed by the vehicle or equipment owner or legal representative or, if the regulation requires CARB (or the air district) to certify compliance, through CARB (or air district) certification. For more information, see the associated source category chapter. Air districts are not to be held liable if a grantee falsifies this documentation.
8. **Payment Recipients.** Payments typically will be made directly to the grantee. Payments may be made directly to a dealer or distributor only if such payment arrangements are specified in the contract.

U. Grantee Annual Reporting

1. **Requirement.** Air districts will require all grantees to submit annual reports within 18 months of the project post-inspection and annually thereafter for the term of the contract.
2. **Report Format.** The air district will prescribe a format for the project annual report, to include the following information:
 - (A) Grantee name, address, and telephone number.
 - (B) Information needed to uniquely identify the project engine, vehicle, or equipment, such as engine make, model, horsepower, and serial number.
 - (C) Estimated percentage of time the vehicle or equipment has been operated in California since the previous annual report.
 - (D) Readings of the usage device (e.g., hour meter, odometer, or electronic monitoring unit).
 - (E) Except for projects in which usage is not required to be specified in the contract (as allowed per Section Q.6.(B)(1) above), if usage is more than 30 percent below that identified in the project application, the grantee must describe any conditions that are likely to have affected project usage, such as weather, permits, or major maintenance. In instances where annual usage is significantly lower than the contracted level due to unforeseen

circumstances beyond the control of the grantee, the grantee may request a waiver from the air district per Section W.3.

3. **Air District Review.** The air district will review the annual report for completeness, accuracy, and reported usage, and will maintain in the project file a copy of the report that is initialed and dated by the reviewing staff. An air district choosing an alternative method to indicate its review and approval of annual reports will specify the method in its Policies and Procedures Manual.
4. **Unsatisfactory Reporting.** If an annual report is incomplete, inaccurate or not received from the grantee on schedule, the air district will make a reasonable attempt to obtain a complete and accurate report from the grantee. If the air district is unable to obtain the report, the air district will identify the project for audit as described in Section V below.
5. **Subsequent Grants.** Grantees that have not submitted complete required reports will not be granted funds for new CAP incentive projects until all reports are satisfactorily submitted.

V. Air District Audit of Projects

1. **Requirement.** The air district will conduct audits of projects funded with CAP incentives. On an annual basis these audits will include five percent of active projects or 20 active projects (whichever is less). Air districts will also conduct audits of projects specifically included as part of a Community Emissions Reduction Program; five percent of active projects or 20 active projects (whichever is less). These conducted audits are to include any projects with unsatisfactory annual reporting as described in Section U.4.
2. **Project Inspection.** Audits must be completed by air district staff and will at a minimum include an inspection that verifies that the engines, equipment, and emissions control devices paid for are still owned by the grantee named in the contract, are still operational in the same equipment, and meet the mileage, fuel usage, or hours of operation indicated in the executed contract. This must be performed by checking the serial number of the engine; witnessing the operation of the engine; and checking the usage meter or fuel receipts.
3. **Multiple Equipment.** Audits of multiple equipment or engine projects of up to 25 pieces must include inspection of at least two pieces or

equipment, and multiple equipment or engine projects of over 25 pieces must include inspection of at least five pieces.

W. Nonperforming Projects

1. **Requirement.** The air district will work with nonperforming project grantees to ensure CAP incentives project requirements are met and emissions reductions are achieved, consistent with procedures outlined in the air district Policies and Procedures Manual. Air districts may consider unforeseen circumstances beyond the grantee's control in determining repercussions for nonperformance.
2. **Recapturing Funds.** When an air district is not successful in gaining grantee compliance with the usage and program requirements specified in a contract, the air district will make all reasonable efforts to recapture CAP incentives from the grantee, in consultation with CARB. Recaptured funds will be reassigned to projects that achieve the shortfall in emissions reductions or usage. The air district's efforts to recapture funds may be guided by circumstances such as suspected or actual fraud or misuse of funds, the amount of CAP incentives involved, or the ability of the grantee to repay the funds.
3. **Usage Threshold and Waiver Procedure.** The air district must take appropriate action to ensure emissions reductions are realized for engines, equipment, vehicles, or fleets, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract (as allowed per Section Q.6.(B)), when average usage over a three-year period for a contracted engine, piece of equipment, or vehicle or fleet is less than 70 percent of the activity required in the contract, the air district may choose, but is not limited to, the options below to address the underutilization. In cases of projects which may have a contracted project life of less than three years, the same activity threshold of less than 70 percent applies, averaged over the project life.
 - (A) Extend the project contract for additional years (precluding overlap with an applicable rule implementation requirement).
 - (B) Return funds in proportion to the loss in emissions reductions.
 - (C) Transfer ownership of the engine, vehicle, or equipment to another entity committed to complying with the contract terms.

- (D) Recalculate a project's cost-effectiveness based on the reported decrease in usage. Based on this recalculation, if the project is still below the cost-effectiveness limit, consistent with the limit and methodology in effect on the date of contract execution and prior to the end of the contract, the air district must continue to monitor the project over the next year to determine if additional actions are necessary (this option does not apply to infrastructure projects not subject to a cost-effectiveness limit).
- (E) Grant a usage waiver, without penalty, to the grantee for a defined time period. The grantee must demonstrate to the air district's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment, and that the underutilization was due to unforeseen conditions beyond the grantee's control.
 - (1) The conditions under which a waiver may be issued include, but are not limited to, the following:
 - a. A decrease in usage due to economic recession.
 - b. Unforeseen fluctuations in water allocations or pumping needs for agricultural irrigation pump engines.
 - c. Significant land fallowing for off-road agricultural equipment and agricultural irrigation pump engines.
 - (2) To be considered for a waiver, the grantee must provide a written request to the air district along with documentation that substantiates the need for the waiver and verifies that higher-polluting equipment is not consequently receiving more use.
 - a. The air district will specify the length of time for which the waiver is valid. The waiver will not exempt the grantee from any contract requirement to provide annual usage reports.
 - b. The waiver will be documented in writing, approved by the APCO or designee, and included in the project file.
 - (3) For projects that include multiple pieces of equipment or engines the air district may review and recalculate the

funded equipment collectively to see if the project as a whole has performed as expected. A waiver is not required in this event.

4. **Funds Recaptured Following CARB Enforcement.** Program funds recaptured from a project grantee as a result of a settlement agreement executed by CARB shall be returned to the air district that granted the funds. Any penalties resulting from a settlement agreement executed by CARB or the Attorney General shall be deposited in the appropriate State fund.

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CHAPTER 4: HEXAVALENT CHROME PLATING FACILITIES

A. Introduction

Senate Bill 856 allows CAP incentives to be directed to owners of stationary sources that are not subject to the Cap and Trade program requirements adopted by CARB pursuant to subdivision (c) of section 38562 of the California Health and Safety Code. The funding is intended to provide replacement of equipment with technologies that will result in direct emissions reductions of TACs and criteria air pollution, including zero-emission technologies.

CARB identified hexavalent chromium as a TAC in 1986. Hexavalent chromium is currently known to be the second most potent carcinogen identified by the Board. CARB's emission inventory data has revealed the presence of hexavalent chromium emissions from stationary sources, such as chrome electroplating facilities, in numerous communities across the state. Hexavalent chromium electroplating and chromic acid anodizing operations involve the electrical application of a coating of chromium onto a surface for decoration, corrosion protection, or for durability. These processes cause mists containing hexavalent chromium to be emitted from the plating tanks and dispersed into indoor and outdoor ambient air. Since 1988, CARB has regulated hexavalent chromium emissions from chromium electroplating and chromic acid anodizing facilities. The existing state control measure, the Hexavalent Chromium Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations (Chromium Plating ATCM), is in Title 17, California Code of Regulations (CCR), section 93102. There are also other local regulations that control emissions from these same facilities.

B. Current Requirements

The current Chromium Plating ATCM sets forth requirements for reducing hexavalent chromium emissions based on the distance to a sensitive receptor and annual usage. The use of best available control technology, or BACT, is required for all facilities. A majority of the facilities have emissions limitation rates of 0.0015 milligrams per ampere-hour (mg/amp-hr).

A majority of facilities achieve the emissions through the installation of add-on air pollution control devices, such as high efficiency particulate arrestor (HEPA)

filters. The add-on control devices are not required for some of the smaller decorative chrome plating facilities that have met the emissions limit through use of specific chemical fume suppressants. These chemical fume suppressants limit the amount of chromium-containing mist emitted by the electroplating process. However, some of these fume suppressants may contain per- and polyfluoroalkyl substances (PFAS) which have been linked with a variety of health problems and other environmental concerns. For many of these facilities, transitioning to non-hexavalent chromium technologies such as trivalent chromium can eliminate the use of these fume suppressants. Add-on control can also be used in place of these fume suppressants. Facilities may also convert to a trivalent chromium process to meet the emissions limitations.

C. Projects Eligible for Funding

Projects that are eligible for funding include replacement technologies for chrome electroplating and chromic acid anodizing facilities that reduce hexavalent chromium emissions. The emissions reductions must be in excess of those otherwise required by applicable federal, State, or local rules or regulations.

Examples of eligible technologies include the following:

1. **Control Devices.** Add-on air pollution control (APC) devices that replace some or all existing systems.
2. **Conversion.** Conversion from hexavalent chromium to trivalent chromium (requirements per Title 17, CCR, section 93102.6 must also be met). This option should be prioritized for decorative chrome plating operations.
3. **Permanent Total Enclosure.** Permanent total enclosure (PTE) vented to negative air (U.S. EPA Method 204).
4. **Other technology.** Other technology capable of achieving emissions reductions in excess of those otherwise required by law or regulation may be eligible on a case-by-case basis. Prior to contract execution, air districts must notify CARB staff of other technologies that are not included in the examples listed above.

D. Eligible Participants

Public and private entities that own their own chromium plating facilities or operations located in California are eligible to apply. The existing chromium

operation must be located in California, and the owner must not be subject to requirements of the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, Title 17, CCR, sections 95801-96022 (California Cap and Trade Program).

E. Participant Requirements

1. **Receipt of Application.** At time of application, participants must:
 - (A) Meet federal, State, or local requirements applicable to chrome plating operations.
 - (B) Have authority to make any necessary building modifications.
 - (C) Show proof of regulatory compliance or valid operating permit.
 - (D) Submit quotes from at least two independent contractors. The quote from the selected contractor does not have to match the final invoice submitted for reimbursement if additional work is required for the installation, but parts and labor costs for the major components of the technology should match the initial quote.
2. **Contract Execution.** After contract execution, participants must meet the following requirements:
 - (A) Maintain the control technology to manufacturer's specifications during the contract period.
 - (B) May not claim emissions reduction credits from the incentivized technology during the contract period.
 - (C) Comply with local air district requirements during the contract period, such as parameter monitoring and reporting requirements.
 - (D) Ensure permits for the control technology remain up-to-date and all permit requirements are met during the contract period as required by the air district.
 - (E) Maintain compliance with all federal, State, and local rules and regulations.
 - (F) Make replacement technology available for inspection if requested by air district and/or CARB staff during the contract period.

F. Project Life

The minimum project life is three years. The air district has the discretion to extend the project life depending on local requirements.

G. Maximum Eligible Funding Amounts

Legislative direction does not require stationary source projects to meet a cost-effectiveness threshold. However, maximum grant amounts, as shown in Table 4-1, have been set based on the costs of technology and costs of the initial performance testing conducted during post-inspection, as detailed in Section K below. Table 4-2 lists the funding limits for all hexavalent chromium projects, which includes a flat maximum dollar amount, a maximum percentage of the total cost of the technology, and also a maximum dollar amount based on ventilation systems. Included are a set of maximum grant amounts specifically for decorative chrome plating operations to prioritize conversions to less toxic trivalent chromium plating operations. Each grant must not exceed the lowest of the funding limits in Table 4-2. Note that the maximum total grant amount includes the cost of an initial performance test.

Table 4-1: Hexavalent Chromium Control Cost Estimates

Eligible Technology	Cost Estimate
APC System	\$115,000 - \$280,000
Trivalent Chromium Conversion	\$70,000 - \$80,000
PTE	\$55,000 - \$430,000
Initial Performance Test for APC System	\$20,000

Table 4-2: Funding Limits for Hexavalent Chromium Reduction Projects

Funding Limit	Decorative Operations	Non-Decorative Operations
Maximum total grant amount, including initial performance test	\$300,000	\$300,000
Maximum percentage of eligible cost	90 percent for trivalent chromium conversion, or 80 percent for all other projects	90 percent for all projects
Maximum dollar amount for ventilation systems	\$23 per cubic foot per minute	\$23 per cubic foot per minute

H. Eligible Costs

Grant funds may only pay for items essential to the operation of the control technology.

1. **Eligible Costs.** Eligible project costs include:
 - (A) Design and engineering (e.g., labor, site preparation).
 - (B) Control technology and materials.
 - (C) Instrumentation and monitoring units.
 - (D) Required ventilation ductwork and electrical upgrades.
 - (E) Installation.
 - (F) Initial performance tests conducted to confirm post-technology emissions (100 percent of cost is eligible for funding).

2. **Discretionary Costs.** Air districts have the option to fund the following discretionary costs, provided the maximum eligible funding amounts in Section G are not exceeded:
 - (A) Shipping and delivery costs.
 - (B) License fees, environmental fees, commissioning fees (safety testing), onsite required safety equipment, and fees incurred during pre-contract execution (i.e., permits, design, engineering, site preparation).

I. Ineligible Costs

Ineligible costs include but are not limited to:

1. **Non-Essential Hardware.**
2. **Operation Cost.** Operational fees including energy costs, maintenance, repairs, improvements, spare parts.
3. **Extended Warranty.**
4. **Insurance.**
5. **Data Collection and Reporting.** Excludes initial performance tests.
6. **Fees.** Includes repairs, maintenance, or permit fees.
7. **Participant Administrative Costs.**
8. **Employee Training and Salaries.**
9. **Performance Bond Costs.**
10. **Hazardous Materials.** Includes permitting, handling, and disposal.

J. Project Eligibility Criteria

The minimum requirements for projects are listed below. Air districts retain the authority to impose additional requirements to address local concerns.

1. **General Requirements.**
 - (A) Any applicable permits issued by air districts for the existing operations and associated equipment must be up-to-date.
 - (B) The participant must certify that any equipment to be replaced will be discarded in a manner that complies with all federal, State, and local requirements.
2. **Control Technology Requirements.**
 - (A) The control technology must reduce hexavalent chromium emissions to an emissions level less than what is required by federal, State, or local rules or regulations.
 - (B) The control technology or post-technology emissions from an electroplating or anodizing bath must be 0.0015 mg/amp-hr or less of hexavalent chromium.

- (C) If the source is not an electroplating or anodizing bath, the post-control emissions must be 0.20 mg/hr or cleaner for ventilation systems with exhaust rates of 5,000 cubic feet/minute (cfm) or less or 0.004 mg/hr-ft² for ventilation systems with exhaust rates greater than 5,000 cfm (based on the surface area of all source tanks that vent into the ventilation system).
- (D) Facilities should determine their current regulatory requirements prior to application submission. Air districts are responsible for verifying whether the project provides emissions reductions in excess of those otherwise required by law or regulation. The emissions limits for the Chromium Plating ATCM are shown in Table 4-3 below:

Table 4-3: Chromium Plating ATCM Emission Limits

Distance	Permitted Annual Ampere-Hours	Emissions Limitation	Start Date
≤ 330 feet	≤ 20,000	Use of specific chemical fume suppressants ¹	4/24/2008
≤ 330 feet	> 20,000 - ≤ 200,000	0.0015 mg/amp-hr with add-on control	10/24/2010
≤ 330 feet	> 200,000	0.0015 mg/amp-hr with add-on control	10/24/2009
> 330 feet	≤ 50,000	Use of specific chemical fume suppressants	4/24/2008
> 330 feet	> 50,000 - ≤ 500,000	0.0015 mg/amp-hr	10/24/2011
> 330 feet	> 500,000	0.0015 mg/amp-hr with add-on control	10/24/2009

¹ Specific chemical fume suppressants are listed here:
<https://www.arb.ca.gov/toxics/chrome/fumesuppresslistfinal9.21.16.pdf>

- (E) If applicable, local requirements must also be reviewed to ensure projects provide emissions reductions in excess of those requirements.
- (F) The control technology installed at a facility must be located in California. Prior to modification of the existing technology and/or installation of the control technology, applicable permit applications must be submitted to and approved by the air district. Installations must be completed before compliance deadlines.
- (G) It is at the air district's discretion whether to allow the transfer of a control technology to another facility during the contract period. If the project were selected under the air district's Community Emissions Reduction Program, then the air district may set limits on location changes to ensure the project will directly benefit a particular community during the contract term.
- (H) If the replacement technology is sold to a new owner during the contract period, the new owner must agree to abide by the existing contract terms until contract termination. Any change in ownership must be reported to the air district within 30 days.
- (I) The control technology must be new and have at least a one-year warranty, except for parts with regularly scheduled maintenance. Remanufactured or refurbished equipment and parts are not eligible.
- (J) Where possible, the control technology must include instrumentation (e.g., mechanical gauges) that can monitor the operating parameters of the technology such as pressures and air flows.
- (K) The technology must also include a standard operating procedure manual with the recommended factory scheduled maintenance intervals.
- (L) Applicants must provide contact information of the technology manufacturer and the contractor that performed the equipment replacement. Installation work must be performed by independent contractors that are licensed and bonded/insured.

K. Post-Inspection

The air district must observe the operation of the technology and perform a post-inspection prior to payment of grant funds. The following documentation must be collected during the post-inspection:

1. **Results of the Performance Test.** The participant must conduct an initial performance test to verify the emission levels of the control technology prior to the receipt of grant funds. The performance test must meet the requirements outlined in Title 17, CCR, section 93102.7 (c), (d), and (e). The cost of the performance test is an eligible cost.
2. **Inspection Photos.** Photos of the control technology and installed instrumentation used to monitor the technology.

L. Air District Requirements

Air districts must include stationary sources as a funding option in their Policies and Procedures Manual prior to funding stationary source projects. The Policies and Procedures must include the administrative tools that are needed to manage the projects, including project review and selection criteria, reimbursement procedures, inspections, monitoring and enforcement, contract development, etc. The Policies and Procedures Manual must be kept up-to-date with current program implementation practices, and must be made available to CARB staff upon request. In addition, upon request from CARB staff, the air district will provide CARB information associated with the control technology (e.g., costs, emissions data, etc.).

Prior to reimbursement, a completed *Uniform Commercial Code-1 Financing Statement Form* must be filed with the California Secretary of State listing the air district as the secured party. Air districts may impose additional requirements to address local concerns. Air districts must ensure all necessary documents are received and requirements are met, such as:

1. **Application.** Completed and signed application.
2. **Executed Contract.**
3. **Invoices.** Invoices of the purchase and all work performed. Invoices must show details of all the equipment parts installed, labor costs, and any other costs to be funded.
4. **Completed Inspection Documentation.** Includes performance test results showing hexavalent chromium emissions of 0.0015 mg/amp-hr or

less from control technology or post-control equipment. In addition, photos of the control technology or post-control equipment are required. The performance test results must show hexavalent chromium emissions reductions. The 0.01 mg/amp-hr certified limit may be used as the baseline emissions level for electroplating and anodizing baths that utilize chemical fume suppressants. Tanks that do not have a control system certified by CARB or the air district to meet a specific emissions level must be measured for emissions upstream and downstream of the newly-installed technology.

5. **Other Funds.** Documentation of other grant funds received or approved to be received.
6. **Permits.** Permit allowing operation of control technology.

CHAPTER 5: REDUCING AIR POLLUTION IN SCHOOLS

A. Introduction

The Reducing Air Pollution in Schools category is designed to decrease exposure and address a range of outdoor and indoor air emissions sources that may potentially affect the health of school children. Air districts may fund a project or projects at schools in disadvantaged communities or low-income communities.

This chapter includes the following project types:

- Composite Wood Products.
- Zero-Emission Lawn and Garden Equipment.
- Air Filtration.
- School Transportation.

B. General Applicant and Project Requirements

Applicants for school facilities projects must meet the following requirements. There may be additional requirements depending on the specific project type.

1. **Emissions Reductions.** Projects must provide emissions reductions at school facilities serving students in any grade from kindergarten through twelfth grade.
2. **Eligibility of Schools.** Projects may only be proposed consistent with the California Constitution, which states that no public monies be allowed for the support of any sectarian or denominational school, or any school not under the exclusive control of the officers of the public schools (Cal. Const. Art. 16 § 5 and Art. 9 § 8). CARB may address any interpretation issues with these clauses via a Mail-Out.
3. **Changes in Ownership.** Grantees must notify all involved parties including the air district and CARB of any intent to change ownership of any funded material or equipment. The new owner must comply with the terms and conditions of the project contract. Furthermore, the air district must approve the change in ownership before the transfer and may

require full or partial repayment if the new owner does not meet the same criteria as the original owner.

4. **Force Majeure Event.** In the case of a force majeure event (such as a fire) drastically affecting use of the project equipment, the school or school district shall alert the air district within 20 calendar days of the incident, in addition to the following:
 - (A) The participating school or school district must provide the police or fire report, a letter from the insurance company regarding the accident, and other information requested by the air district. The participant must repair the equipment or replace it with a substitute that can take over the terms of the contract or voucher. The substitute technology must be similar to the initially funded technology.
 - (B) Notify the air district of change of mailing address within 20 calendar days.
 - (C) Repay the funded amount if the participant does not follow one or more terms as specified in the contract and application. CARB and/or the air district will specify repayment terms.

C. Composite Wood Products

Composite wood products are created by binding strands, particles, fibers, veneers, or boards of wood together with adhesives (i.e., glues and resins). Formaldehyde is a respiratory used in the adhesives to make composite wood products. Formaldehyde is a respiratory irritant and a TAC. Three composite wood boards regulated under the U.S. EPA and CARB's rules are hardwood plywood (HWPW), particleboard (PB), and medium-density fiberboard (MDF). These composite wood boards are commonly used in the manufacturing of furniture, flooring, cabinets, picture frames, wooden children's toys, and many other consumer products.

This project type pays a portion of the cost to replace damaged school furniture with furniture that contains composite wood made with no-added formaldehyde (NAF) glue or ultra-low emitting formaldehyde (ULEF) glue, thus decreasing the potential for formaldehyde emissions in classrooms. This would provide additional formaldehyde emissions reductions beyond the reductions achieved from composite wood board that complies with the CARB Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite

Wood Products (ATCM, 2009), but which may still emit small amounts of formaldehyde because of the glue used to make the composite board.

1. **Current Requirements.** CARB's ATCM regulates formaldehyde emissions in composite wood products. In 2017, the U.S. EPA adopted the Toxic Substances Control Act (TSCA) Title VI regulation to reduce formaldehyde emissions from composite wood products for sale in the U.S. The TSCA regulation is based on CARB's regulation, although there are differences. As of March 22, 2019, all composite wood products sold in the U.S. must be TSCA-compliant; meaning that manufacturers must meet the formaldehyde emission standards, as shown in Table 5-1, and be certified by a CARB-approved third-party certifier that is also recognized by U.S. EPA. Since the formaldehyde emission standards are identical in both regulations, CARB will allow products labeled as being TSCA-compliant to be sold in California. CARB continues to enforce the ATCM within California.

Table 5-1: CARB ATCM to Reduce Formaldehyde Emissions from Composite Wood Products, Title 17, CCR Section 93120

Type of Wood Product	Emissions Criteria for Compliance in Parts per Million (ppm)	Emission Standards for No-Added Formaldehyde Resin (ppm) ²	Emission Standards for Ultra-Low Emitting Formaldehyde Resin (ppm) ³
Hardwood Plywood	0.05	0.05	0.05
Particleboard	0.09	0.06	0.06
Medium Density Fiberboard	0.11	0.06	0.06
Thin Medium Density Fiberboard	0.13	0.06	0.06

2. **Eligible Equipment/Project Types.** This chapter funds the replacement of existing composite wood products at public schools, including tables, desks, countertops, chairs, and storage cabinets.
3. **Funding Amounts.** The funding levels presented in Table 5-2 are to cover the incremental cost between purchasing equipment made with NAF or ULEF glues compared to the cost of purchasing equipment that complies with the formaldehyde emission standards in the ATCM. Note that special ordering may be required.

² CCR § 93120.3. To receive a two-year exemption from third-party certifier oversight - 90% quality control test results during a 3-month period must be no higher than 0.04 ppm; all results must be at or below the concentrations listed.

³ CCR § 93120.3. To receive a two-year exemption from third-party certifier oversight - 90% quality control test results during a 6-month period must be no higher than 0.04 ppm; all results must be at or below the concentrations listed. This is restricted to ULEF manufacturers that have been granted an exemption from third-party certification.

Table 5-2: Funding Levels for Ultra-Low/ No-Added Formaldehyde Composite Wood Products Used in Schools

Type of Equipment Funded	NAF Funding Percentage	ULEF Funding Percentage
Tables/Desks/Countertops	100%	90%
Chairs	100%	90%
Cabinets	100%	90%

4. **Project Eligibility Requirements**
 - (A) The applicant must solicit and select replacement composite wood products through a competitive bidding process, and the air district must approve the selection. There must be a minimum of two competitive bids. Air districts must ensure that all costs are reasonable and appropriate upgrades to cleaner technology.
 - (B) If glues are required to affix a wood veneer or synthetic material to the composite wood platform, the bids must use NAF/ULEF glues for this purpose.
 - (C) Replacement equipment materials must have documentation attesting that all composite wood products used for the finished product are NAF/ULEF boards.
 - (D) Replacement equipment must have a similar use as old equipment.
 - (E) Replacement equipment must be a composite wood product.

5. **Application Requirements.** The air district must collect, as part of the application, the following information for both the old and new equipment:
 - (A) Old equipment:
 - (1) Type of furniture/furnishing.
 - (2) Name of manufacturer, if known.
 - (3) Qualitative description of use, location, and approximate number of children and adults in the room throughout the day when in use.

- (4) Photo documentation of the equipment including all manufacturer information, if on equipment.
- (B) New equipment:
 - (1) Name of manufacturer and vendor.
 - (2) Date the equipment was produced.
 - (3) Type of furniture/furnishing.
 - (4) Material (HWPW, PB, MDF, or thin MDF).
 - (5) Dimensions of NAF/ULEF boards contained in equipment.
 - (6) Qualitative description of use and location.
 - (7) Photo documentation of the new equipment and, if present, include the NAF/ULEF label.
- 6. **Participant Reporting Requirements.** Participants must report the following information annually to the air district:
 - (A) For the pieces of equipment funded, approximate numbers of adults and children in the room as well as the number of hours the room is in use. This latter value can be estimated by general school start and end times. The class size must also be included.
 - (B) Statement of any performance issues that occurred with the funded equipment.

D. Zero-Emission Lawn and Garden

The use of internal combustion Lawn and Garden Equipment (L&GE) to maintain schoolyards and sporting fields exposes children and equipment operators to elevated levels of air toxics and criteria air pollutants. This project type provides incentives to schools in disadvantaged communities or low-income communities and contractors servicing those public schools to purchase zero-emission L&GE less than 19 kilowatts (or 25 horsepower) such as lawn mowers, chainsaws, leaf blowers, trimmers, etc.

- 1. **Current Requirements.** L&GE engines less than 19 kilowatts (or 25 horsepower) are required to either meet the following emission standards or certify to the voluntary "low-emitting blue sky series" standard, see Table 5-3 and Table 5-4 (California Air Resources Board 2012). Note that particulate matter emissions are applicable to all two-stroke engines.

Table 5-3: Exhaust Emission Standards for ≤ 19 kW Spark-Ignition Engines

Model Year	Displacement Category	Durability Periods (hours)	Hydrocarbon Plus NOx	Carbon Monoxide	Particulate Matter
2005 and subsequent	< 50 cc	50/125/300 hrs	50 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2005 and subsequent	50 – 80 cc, inclusive	50/125/300 hrs	72 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2008 and subsequent	> 80 cc - < 225 cc	125/250/500 hrs	10 g/kW-hr	549 g/kW-hr	N/A
2008 and subsequent	≥ 225 cc	125/250/500/1000 hrs	8 g/kW-hr	549 g/kW-hr	N/A

Table 5-4: Voluntary Emission Standards for ≤ 19 kW Spark-Ignition Engines

Model Year	Displacement Category	Hydrocarbon Plus NOx	Carbon Monoxide	Particulate Matter
2005 and subsequent	< 50 cc	25 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2005 and subsequent	50 – 80 cc, inclusive	36 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2007 and subsequent	> 80 cc - < 225 cc	5 g/kW-hr	549 g/kW-hr	N/A
2008 and subsequent	≥ 225 cc	4 g/kW-hr	549 g/kW-hr	N/A

2. **Evaporative Emission Standards.** In addition to exhaust emission standards, gasoline-fueled, spark-ignited small off-road engines rated at equal to or less than 19 kilowatts (or 25 horsepower), and equipment utilizing such engines are required to meet the evaporative emission standards listed in Table 5-5, 5-6, and 5-7, below (California Air Resources Board 2017).

Table 5-5: Diurnal Emission and Design Standards for Walk-Behind Mowers > 80 cc - < 225 cc

Model Year	Diurnal Emission Standards (g organic material hydrocarbon equivalent day)	Fuel Line Permeation Emission Standards (g ROG m ² day)	Fuel Tank Permeation Emission Standards (g ROG m ² day)	Carbon Canister or Equivalent Butane Working Capacity Standards Grams HC (g organic material hydrocarbon equivalent)
2006	None	15	None	None
2007 – 2008	1.3	N/A	N/A	N/A
2009	1.0	N/A	N/A	N/A

Table 5-6: Diurnal Emission and Design Standards for Equipment > 80 cc - < 225 cc Except Walk-Behind Mowers

Model Year	Diurnal Emission Standards (g organic material hydrocarbon equivalent day)	Fuel Line Permeation Emission Standards (g ROG m ² day)	Fuel Tank Permeation Emission Standards (g ROG m ² day)	Carbon Canister or Equivalent Butane Working Capacity Standards Grams HC (g organic material hydrocarbon equivalent)
2006	None	15	None	None
2007 – 2011	1.20 + 0.056 × nominal capacity (liters)	15	2.5	Specified in TP-902
2012	0.95 + 0.056 × nominal capacity (liters)	15	1.5	Specified in TP-902

Table 5-7: Diurnal Emission and Design Standards for Equipment \geq 225 cc

Model Year	Diurnal Emission Standards (g organic material hydrocarbon equivalent day)	Fuel Line Permeation Emission Standards (g ROG m ² day)	Fuel Tank Permeation Emission Standards (g ROG m ² day)	Carbon Canister or Equivalent Butane Working Capacity Standards Grams HC (g organic material hydrocarbon equivalent)
2006 – 2007	None	15	None	None
2008	1.20 + 0.056 × nominal capacity (liters)	15	2.5	Specified in TP-902
2013	1.20 + 0.056 × nominal capacity (liters)	15	1.5	Specified in TP-902

3. **Eligible Equipment Types.** Zero-emission commercial grade L&GE, as described in CCR, Title 13, section 2408.1, which are under 25 horsepower and used on school property are eligible. Eligible equipment types are listed in Table 5-8 on the following page. To ensure full operation of zero-emission equipment, air districts may choose to allow funding for additional batteries and additional chargers for purchase with each eligible zero-emission commercial grade L&GE purchase. Air districts have the discretion to include or exclude any of these L&GE in their program requirements.

Table 5-8: Eligible Zero-Emission Equipment Types and Funding Amounts

Equipment Type	Equipment Funding Amount	Funding Amount for Additional Batteries and/or Charger
Chainsaws/Polesaws, Edgers, Trimmers, Blowers/Vacuums	70 percent of purchase price up to \$400	70 percent of purchase price up to \$400
Walk-Behind Mowers	70 percent of purchase price up to \$750	70 percent of purchase price up to \$750
Ride-On or Standing Ride Mowers	70 percent of purchase price up to \$15,000	Not Eligible

4. Project Eligibility Requirements.

- (A) Equipment must be purchased from a manufacturer-authorized retailer or dealer, including hardware and home improvement stores, either brick-and-mortar or online.
- (B) Equipment must be new, not used or previously owned or factory reconditioned.
- (C) New zero-emission L&GE purchased must be of the same type as the internal combustion equipment it replaces.
- (D) New equipment must have a minimum of a one-year manufacturer warranty.

5. Participant Requirements.

- (A) Participants contracting with a school must provide to the air district a copy of the contract/agreement and/or a written consent form from the school acknowledging their participation in the program.
- (B) Participants must possess and maintain all appropriate business licenses for lawn and garden service.
- (C) Participants must agree to destroy or render permanently inoperable the old equipment in accordance with the air district requirements.

6. Project Life. Participants must commit to utilizing the equipment for a minimum of three years from date of purchase or date of delivery.

7. **Application Information.** An air district must collect, at a minimum, the following information in its application:
 - (A) List of existing equipment type and quantity.
 - (B) Number of equipment (per equipment type) replaced.
 - (C) Number of batteries purchased.
 - (D) Number of chargers purchased.
 - (E) Identify if school is located in a disadvantaged or low-income community.
 - (F) Internal combustion equipment destruction documentation.
 - (G) Proof of residence or driver's license.
 - (H) Any additional reporting requirements as per air district guidelines.

E. Air Filtration Systems

Air filtration reduces the concentration of particulate contaminants from indoor air and is an important component of a school's Heating Ventilation and Air Conditioning (HVAC) system. Reducing airborne particles (such as PM 2.5) is important because particulate matter negatively impacts human health, especially for sensitive populations such as children. Older HVAC systems used in some schools only remove a small fraction of particles in the air that are smaller than 0.3 microns (μm). More efficient HVAC air filters and standalone air cleaners are important for creating healthier air in school classrooms.

1. **Current Requirements.** The Building Energy Efficiency Standards are set by the California Energy Commission (CEC) and includes air filtration efficiency requirements for HVAC systems in newly constructed buildings. Filter efficiency is stated as the Minimum Efficiency Reporting Value (MERV), which is determined by the American Society of Heating Refrigeration and Air Conditioning Engineers (ASHRAE). ASHRAE recommends indoor CO₂ levels not exceed the outdoor concentration by more than about 600 ppm. The CEC air filtration requirements are shown in Table 5-9 on the next page. Note that 2019 is the first year that CEC set standards to address human needs for indoor air quality. Past standards were set to maintain energy efficiency performance for HVAC equipment. The 2019 building codes now require MERV rating 13 filters for new construction.

Table 5-9: CEC Air Filtration Requirements

CEC Building Energy Efficiency Standard Publication	MERV Rating	Particle Size Range (mm)	Particle Size Removal Efficiency ⁴
2019	13	0.30 – 1.0	> 90 percent
2016	8	3.0 – 10.0	> 70 percent
2013	6	3.0 – 10.0	35 – 50 percent
2010	6	3.0 – 10.0	35 – 50 percent

2. Eligible New Equipment.

- (A) Air filter panels with at least a MERV of 14 or the best available applicable filter as determined by a current HVAC assessment. Replacement filters must have a higher MERV rating than the current in-use filters.
- (B) Standalone air ventilation unit with a MERV of 14 or greater and with a noise threshold at or below 45 decibels. Portable air cleaning units must have a clean air delivery rate (CADR) for tobacco smoke (0.09-1.0 µM) or CADR equivalent manufacturer’s rating for filtration that is appropriate for the classroom size.

3. Funding Amounts. Funding amounts are included below in Table 5-10. Air districts may include costs associated with initial installation.

Table 5-10: Funding Amounts for Air Filtration Systems

Type of Equipment	Funding Amount ⁵
Air Filters	Up to 100%
Standalone Systems	Up to 90%

⁴ Source:

https://web.archive.org/web/20130201093821/http://www.epa.gov/iaq/pdfs/residential_air_cleaners.pdf

⁵ Air districts may choose to include the initial installation costs of the equipment funded as part of the grant.

4. **Project Criteria.**

- (A) An impact assessment must be conducted by the equipment owner or an HVAC engineer to ensure that the new filtration will not adversely affect the existing HVAC system(s). The assessment must include the following:
 - (1) HVAC information such as type of system and associated MERV rating filter.
 - (2) Estimated hours of use (based on normal duty-cycle) and maintenance downtime.
 - (3) Number of classrooms and students per classroom where air filtration is to be upgraded.
 - (4) Size (length, width, and height) of each room to be upgraded.
 - (5) Potential increase in energy costs for the new filtration (annual kilowatt-hr * dollars / kW-hr = annual cost).
 - (6) If available, the total ventilation (m³/hr) for old and new air filtration systems.
- (B) Applicant must maintain equipment in a manner suitable for the type of air filtration equipment selected.
- (C) The maximum project life is five years. In the case of air filtration system projects, the project life represents the number of years that the project will support the purchase of new filters, in addition to the span of time that participants must submit normal annual reporting requirements to air districts.
- (D) Participants can re-apply for funding, if available, and use the prior HVAC assessment at the discretion of the air district if the prior assessment is still applicable.
- (E) Maintenance in accordance to air filtration equipment selected.

5. **Applicant Information.** The applicant must provide to the air district the following information for their current air filtration system and details about the equipment option they are proposing to upgrade:

- (A) Current in-use air filter information:
 - (1) Manufacturer.
 - (2) Model.

- (3) Old equipment MERV rating and PM removal efficiency (percentage), if available.
 - (4) Filter life (number of filters changed annually).
 - (5) Size of filter: Length x Width x Height.
 - (6) Filter material, if known.
 - (7) Duration of filters being changed, if applicable.
- (B) Current in-use air filtration system, if applicable:
- (1) Annual usage (e.g., kilowatt-hour) (hours of use).
 - (2) Manufacturer.
 - (3) Model number.
 - (4) MERV rating.
 - (5) Pollutant removal efficiency (percentage).
 - (6) Type of system.
 - (7) Any unscheduled downtime, including duration of downtime and causes of downtime.
 - (8) Service/maintenance.
 - (9) Warranty.
- (C) HVAC system assessment.

6. **New Equipment Information.** The air district must perform a post-inspection prior to payment of grant funds. The information below must be collected on the application and verified during the post-inspection. The inspection form may include photographs, copies of invoices that contain the new filter rating, and contractor's and/or installer contact information (including installation date, inspector's name, and school name).

- (A) Air Filters:
- (1) Manufacturer.
 - (2) Model.
 - (3) New equipment MERV rating and PM removal efficiency (percentage), if available.
 - (4) Annual usage/filter life (number of filters changed annually).

- (5) Size.
- (6) Filter material.
- (7) Duration of filters being changed, if applicable.
- (B) Standalone Air Filtration System:
 - (1) Manufacturer.
 - (2) Model number.
 - (3) MERV rating (or certify HEPA if portable air cleaner).
 - (4) Clean air delivery rate (CADR).
 - (5) Pollutant removal efficiency (percentage).
 - (6) Type of system.
 - (7) Ventilation rate.
 - (8) Any unscheduled downtime, including duration of downtime and causes of downtime.
 - (9) Service/maintenance.
 - (10) Warranty.
- 7. **Reporting.** Participants must report the following information annually:
 - (A) Estimated number of hours of use, and people in the room during use.
 - (B) Statement of any performance issues that occurred with the funded equipment as well as maintenance issues.

F. School Transportation Projects

Many vehicles involved in school operations emit and expose school children to NO_x, Reactive Organic Gases (ROG), PM, TACs, and other air pollutants. Exposure comes from numerous sources including dirty yellow and white fleets, idling by both school buses and passenger cars, and lack of active transportation. Exposure can be decreased by implementing numerous measures which include cleaning up fleets and providing infrastructure for cleaner technologies, such as electric and hydrogen fuel cell school buses and support vehicles.

While some projects are already eligible for CAP incentives, the Clean Mobility in Schools Pilot Project is mentioned here as a likely source for guidance for future additions.

1. **School Bus Replacements.** School bus replacement is an eligible CAP incentives project and is available in Section C of the CAP Supplement and the Moyer Guidelines, Chapter 4, (C)(2)(B).
2. **School Bus Infrastructure.** Infrastructure to support school buses is an eligible CAP incentives project. Guidelines for those projects are included in the CAP Supplement and in Chapter 10, Section C of the Moyer Guidelines.
3. **Clean Mobility in Schools Pilot Project.** The Clean Mobility in Schools Pilot Project is part of the California Climate Investments Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives. Public kindergarten through twelfth grade schools deploying a range of clean mobility options such as light- and heavy-duty, zero-emission vehicles, charging infrastructure, active transportation projects like bike sharing and vouchers for public transit, anti-idling measures, and zero-emission L&GE, will compete for funding. Outreach and awareness are also important aspects of this project. Selection of schools deploying this project is estimated to be in late 2019. The Clean Mobility in Schools Pilot Project will support some of the same projects already eligible in the Moyer Program but will potentially go farther, providing funds for an array of transformative project types. As successes are identified in the Clean Mobility in Schools Pilot Project, more projects types will be considered for subsequent inclusion in the CAP Guidelines so that more communities can take advantage of the opportunities they provide.

CHAPTER 6: STATIONARY SOURCE AND COMMUNITY-IDENTIFIED PROJECTS

A. Introduction

As part of the CAP Guidelines' approval on May 23, 2019 through Board Resolution 19-12, the Board delegated authority to the Executive Officer to modify the CAP Guidelines to increase transparency, provide needed flexibility, and expand project types that are of priority to the communities. The Board also directed staff to work with air districts to ensure incentive funds are utilized in accordance with feedback received during community outreach completed in the process of implementing AB 617. In response to the directives of the Board Resolution, CARB staff has developed criteria to assist in the development of new stationary source projects for all air districts that receive CAP incentive funding. CARB staff has also developed criteria to assist in the development of Project Plans for community-identified projects specifically for communities selected to develop a Community Emissions Reduction Program. Community-identified projects must be consistent with the strategies identified in the applicable Community Emissions Reduction Programs. The criteria outlined in this new chapter add flexibility to the CAP Guidelines and allow air districts to respond in a timely manner to community needs for incentives.

This chapter expands the eligibility of stationary source project types beyond those at hexavalent chromium plating facilities (Chapter 4) and those contained in the Reducing Air Pollution in Schools chapter (Chapter 5). The stationary source project portion of this chapter gives air districts the flexibility to fund stationary projects that address air pollution without the adoption of additional chapters in the CAP Guidelines. Stationary source projects are not restricted to those communities with Community Emissions Reduction Programs. Air districts that received allocations of CAP incentives in fiscal years 2018-2019 and 2019-2020 and that receive allocations in subsequent fiscal years from budget appropriations with similar legislative direction may utilize this chapter to fund stationary source projects provided all applicable criteria in the CAP Guidelines are met.

Communities selected to develop a Community Emissions Reduction Program are also eligible to fund community-identified projects. Measures identified and prioritized by inclusion in a Community Emissions Reduction Programs adopted

by an air district and approved by CARB will be eligible for a streamlined evaluation process, provided the requirements in Sections C and E of this chapter have been addressed. Where feasible, measures in Community Emissions Reduction Programs shall also be eligible for an abbreviated and streamlined approval process. This process shall avoid delaying CERP implementation and realize the benefits of improving public health in AB 617 communities. CARB will continue to work with air districts to refine the streamlined approval process to achieve the goals and requirements of both AB 617 and the enabling funding legislation.

B. Evaluation Process

Prior to funding a project category type, an air district is required to develop a category plan with funding criteria referred to herein as a Project Plan. The funding criteria must be similar to those for other categories in the CAP or Moyer Guidelines.

A Project Plan must contain all the criteria outlined in this chapter in addition to criteria described in Chapter 2: Guiding Principles and Chapter 3: Program Administration, as applicable. Air districts must develop a Project Plan with sufficient information for CARB staff to determine general compliance with AB 617, CCI Funding Guidelines, and other legislative requirements.

Air districts must also ensure a Project Plan follows the CAP incentives requirements for process transparency and accountability to communities. Where a Project Plan may address a source already covered by other chapters of the CAP Guidelines (e.g. a mobile source measure in a Community Emissions Reduction Program), CARB staff may request the air district to provide additional justification for points of difference. Air districts must obtain final approval of a Project Plan from CARB staff prior to implementation. The list of approved Project Plans will be posted on CARB's CAP incentives website.

The evaluation process, as outlined below, is structured to ensure transparency and to facilitate an expedited review and approval of a Project Plan. Air districts are encouraged to discuss any potential Project Plan with CARB staff in a project scoping meeting prior to formal submission.

1. **Scoping Meeting.** Air district meets with CARB in a project scoping meeting.
2. **Project Plan Submission.** Air district submits a proposed Project Plan.

3. **Initial Review.** CARB reviews Project Plan for completeness, and provides preliminary comments to air district.
4. **Subsequent Follow-up and Additional Review.** If necessary, air district submits additional information in response to comments and CARB conducts additional review.
5. **Final Review.** Once Project Plan is deemed complete, CARB has 60 days for review and approval/denial.
6. **Approve or Deny Project Plan.** The approval notice will include a short narrative of the actual project, identification of the air district, the affected community, and other details as considered pertinent. A similar notice would be provided in the event of a project denial. The notices will be posted on the CAP incentives website for accountability and transparency.
7. **Publish Approved Plans.** All approved Project Plans will be listed on the CAP incentives website with a link to the district's webpage. Approved Project Plans can serve as a reference for other districts to use when creating and submitting Project Plans, which may streamline the evaluation and approval process (e.g., air districts could use project details from an approved plan in their own plan). Air districts would still be required to address community-specific issues such as support from the Community Steering Committee or responsiveness to an approved Community Emissions Reduction Plan.
8. **Incorporate into Policies and Procedures.** Air district includes approved Project Plan in the air district's Policies and Procedures for CAP Guidelines.

C. General Requirements for All Project Plans

The general requirements for Project Plans are listed below. In addition to the general requirements, specific requirements for stationary source projects and community-identified projects are listed in sections D and E, respectively.

1. **Project Identification.**
 - (A) Identification of whether the Project Plan is applicable to stationary source or community-identified projects. If applicable to stationary source projects, the source classification code or unit type code (if available) should be included in the description. If applicable to community-identified projects, the specific

Community Emissions Reduction Program strategy must be indicated, and Section E also applies in addition to Sections C.1. to C.9 of this chapter.

- (B) Broad description of the category projects with identification of specific benefits.

Examples:

- *Replacement: An older vehicle or piece of equipment that includes an engine with remaining useful life is replaced with a new vehicle or piece of equipment. The older vehicle and equipment are scrapped.*
- *Process Improvements: Improvements to processes that will result in emission or exposure reductions or related co-benefits beyond those required by regulation. This may include removal of emissions, capture of emissions, redirection of emissions away from sensitive receptors, efficiency improvements that result in a reduced need to produce emissions in the first place, and other such strategies as applicable.*

2. Community Support.

- (A) Air districts must show that projects reflect the priorities of the affected community. Ultimately, the community itself will be the judge of whether an air district has successfully demonstrated the community's support for a project category type. A crucial component to establishing community support for projects is ensuring the community members have sufficient opportunities to voice their concerns/support at public meetings. Each Project Plan must include a description of the mechanism by which community support is demonstrated and information regarding the community group(s) (e.g. schools, civic group, senior groups, etc.). The information should include, but need not be limited to, the following:

- (1) Name(s) of the community group(s).
- (2) Purpose of community group(s).
- (3) Total number of members in the community group(s).
- (4) Date(s) of formation/establishment.

- (5) A description of the decision-making process must be included. If the community group has a governing board, the Project Plan must include a summary of the voting process.
 - (6) Documentation such as letters, emails, meeting minutes, and other public outreach documents may be submitted to demonstrate support. Additionally, air districts can also identify individual factors in CalEnviroScreen that most impact a disadvantaged or low-income community, refer to the list of common needs in Table 5 of the CCI Funding Guidelines and select a need that has documented broad support from local community groups.
- (B) The mechanism by which communities will be informed about projects, dollars spent, and project-associated benefits need to be outlined in the Project Plan.

3. Participant Requirements.

- (A) Air districts must identify who is eligible to apply for or receive a grant for a project under the category.

Example:

Public and private entities that own stationary source equipment or are authorized to make modifications to stationary sources are eligible to apply.

- (B) Air districts must identify all relevant participant requirements including, but not limited to, the following:
 - (1) Meet and maintain compliance with all federal, State, or local requirements applicable to the project category.
 - (2) Have authority to make any necessary modifications to the engine, equipment, facility, or source.
 - (3) Show proof of regulatory compliance and/or valid operating permit.
 - (4) Maintain the funded technology to manufacturer's specifications during the entire contract period.
 - (5) May not claim emissions reduction credits from project during the entire contract period.

- (6) Comply with local air district requirements during the contract period, such as monitoring and reporting requirements.
 - (7) If applicable, ensure permits for the equipment/source remain up-to-date and all permit requirements are met during the contract period as required by the air district.
 - (8) Make the project available for inspection if requested by air district and/or CARB staff during the contract period.
- (C) Air districts must obtain written proof of any required certification/verification by the United States Environmental Protection Agency or CARB for any technology that reduces emissions. Zero-emission technology that does not have a certification process will be considered on an individual basis. Community-identified projects that are demonstrating technology that is not yet verified must meet the requirements outlined in Section E.2.(E).

4. Funding Amounts.

- (A) Air districts must specify the maximum funding amount for each type of project in a category. This must include clearly defined factors that will affect the incentive amount offered for each project. Factors may include one or more of the following:
- (1) Total dollar cap.
 - (2) Maximum percentage of eligible cost.
 - (3) Cost-effectiveness cap determined by the air district and affected communities.
 - (4) Usage.
- (B) Air districts should consider limiting funding amounts to the incremental cost of projects, i.e., the cost of a project incurred beyond the normal course of business for an applicant.
- (C) If applicable, Project Plans should include a list of eligible and ineligible costs for the project category type.
- (D) Air districts must include a description of the anticipated project life and the factors used to determine that project life.

5. **Project Selection.**

- (A) The air district's criteria for project selection must be documented in the Project Plan.
- (B) The selection process for individual projects in the Project Plan is at the discretion of the air districts, but all criteria in the approved Project Plan, AB 617, and the applicable funding source must be met.

6. **Reporting Requirements.** Air districts are required to collect and report all information as outlined in Chapter 3, Section H: Reporting

D. **Additional Required Information for Stationary Source Projects**

1. **General Criteria.**

- (A) The existing stationary equipment/source must be located in California, and the owner must not be subject to the requirements of the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, title 17, California Code of Regulations, sections 95801-96022.
- (B) All projects must conform to the requirements in Chapter 2: Guiding Principles, Chapter 3: Program Administration, and Sections B through D of this chapter.
- (C) Participating air districts retain the authority to impose additional requirements to address local concerns.

2. **Project Criteria.**

- (A) Projects must address stationary sources of air pollution.
- (B) Projects must reduce emissions of and/or limit exposure to criteria air pollutants and/or toxic air contaminants (TACs) by replacement of equipment.
- (C) Projects must reduce emissions beyond existing requirements or in advance of regulatory deadlines. Air districts must clearly identify all federal, State, and local rules/regulations that apply, the existing regulatory requirements, and the effective dates of those requirements.

3. **Quantification of Emissions Reductions.**
- (A) If CARB staff have approved a methodology to quantify the criteria air pollutant or TAC emissions reductions for a project category type, then the air district should refer to that methodology in the Project Plan.
 - (B) If there is not yet a CARB-approved methodology to quantify emissions reductions for a project category type, then the air district should work with CARB to develop one that can be included in the Project Plan. CARB staff encourages air districts to consult one another on development of any quantification methodology needed for a category of common interest. This will expedite the review and approval process and enable use by multiple air districts.
4. **Qualitative Benefits.**
- (A) As outlined in the CCI Funding Guidelines, air districts must identify applicable qualitative benefits (co-benefits) of the project category type. These benefits may include social, economic, and environmental benefits. Examples include, but are not limited to, the following:
 - (1) Fostering job creation.
 - (2) Improving air quality.
 - (3) Lessening the impacts and effects of climate change.
 - (4) Improving connectivity between travel modes.
 - (B) Where applicable, air districts are encouraged to work together to identify standard qualitative benefits for project categories of common interest.
 - (C) If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB staff will need to approve it prior to inclusion in a Project Plan. CARB approval will be based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.
 - (D) Projects must reduce exposure beyond all applicable rules, regulations, or standards. Air district must identify the exposure metrics used for the project category.

- (E) Project categories should include a cost-benefit calculation or benchmark, and a threshold if applicable.
- (F) Air districts are encouraged to use existing cost-effectiveness methodologies from relevant programs (e.g., the Carl Moyer Program) or existing cost-benefit analyses where applicable. A cost-benefit calculation should include the following elements:
 - (1) Sufficient information for calculation of costs and benefits of projects within the category such that two projects may be compared or ranked, to determine the relative benefit per dollar expended. Where possible, a benchmark figure for comparison of relative values should be determined.
 - (2) Consideration of any applicable emissions benefits. Consideration may include, but need not be limited to, reductions of NO_x, ROG, and PM.
- (G) All supporting documentation used to derive cost-benefit calculations, benchmarks, and thresholds must be included in the Project Plan.
- (H) When reviewing costs, benefits, and quantification methodologies, CARB staff will consider whether there are already existing programs or measures that can be used as benchmarks. In cases where another air district has identified additional benefits beyond those established for a similar project, CARB staff will evaluate whether a subsequent air district should quantify those same benefits.

5. Inspection Requirements.

- (A) Air districts must identify pre- and post-inspection criteria for the project, if applicable.
- (B) Air districts are encouraged to use existing pre- and post-inspection criteria from relevant programs (e.g., the Moyer Program) where applicable.
- (C) For projects involving the replacement of engines or equipment, pre-inspection must verify the operational condition of the existing engine or equipment. Post-inspection of the engine or equipment to be replaced must be completed prior to the disbursement of funds to the grantee.

6. **Engine or Equipment Destruction Requirements.**

- (A) Emissions reductions may only be considered SIP-creditable if the Project Plan includes an applicable CARB-approved emissions reduction quantification methodology that ensures reductions are surplus, quantifiable, enforceable, and permanent.
- (B) Air districts that include destruction of an engine or equipment as an element of a Project Plan must identify the required items for the pre- and post-inspections. Air districts must verify the existing engine or equipment is destroyed and rendered permanently inoperable and irreparable consistent with previously stated requirements. Air districts must also verify and document through photographic or video evidence that the destroyed engine or equipment is consistent with the project contract.

E. **Additional Required Information for Community-Identified Projects**

To address local air quality concerns in response to AB 617, Community Emissions Reduction Programs might require uniquely designed community-identified projects to achieve local emission reduction benefits. While some Community Emissions Reduction Programs may have mobile or stationary measures that are addressed by other sections of the CAP Guidelines, there is also a need for flexibility to accommodate those that are not so easily classified. Examples of these projects may include projects such as zero-emission car sharing programs, parking lot paving, and vegetative barriers.

The elements below are necessary for air districts to develop and implement an effective Project Plan for community-identified projects that will properly reflect the concerns of the community while providing flexibility to meet the unique environmental challenges of current and future selected communities.

1. **General Criteria.**

The minimum qualifications for projects that are derived from approved Community Emissions Reduction Program strategies are listed below. All projects must conform to the requirements in Chapter 2: Guiding Principles, and Chapter 3: Program Administration, and Sections B through D of this chapter. Participating air districts retain the discretion to consider additional requirements to address local concerns.

2. Project Plan Requirements.

- (A) Project Plans must identify the measure in the applicable approved Community Emissions Reduction Program that the Project Plan will support.
- (B) Project Plans must contain emissions reduction or exposure reduction targets where applicable. Emissions and exposure reduction targets are specific, numeric goals for future compliance and deployment of technology and/or control techniques. Emissions and exposure reduction targets may also include an estimate of the number of community members that may benefit from a given project over time. These targets must be developed in consultation with the community steering committee.
- (C) Project Plans must outline the emissions reduction and exposure reduction benefits, or other benefits the project will provide to the selected community. If an emissions reduction methodology cannot be developed, the established CCI Funding Guidelines Benefit Criteria Tables must be used to document the qualitative benefits of the project.
- (D) If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB must approve it prior to inclusion in a Project Plan. CARB will evaluate qualitative benefits based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.
- (E) Projects intended to demonstrate the efficacy of an advanced technology must include a detailed and contracted scope of work with verifiable milestones and associated incremental pay schedule to ensure fiscal responsibility.

3. Air District Requirements.

As the implementing agency, air districts will be required to ensure projects are consistent with the applicable approved Community Emissions Reduction Program.

APPENDIX A: COMMUNITY AIR PROTECTION FUNDS SUPPLEMENT TO THE CARL MOYER PROGRAM 2017 GUIDELINES

A. Introduction

Except as specified below, the *Carl Moyer Program 2017 Guidelines*, adopted by the Board April 27, 2017, apply to all projects implemented pursuant to the Moyer Program using CAP incentives, as allocated by AB 134, SB 856, and future appropriations of funds for CAP incentives. Air districts choosing to allocate funds to incentivize clean truck projects in accordance with the Proposition 1B Program will refer to the *Proposition 1B 2015 Goods Movement Emission Reduction Program Guidelines* and to Section G of this appendix for information relating to funding amounts and truck evaluation criteria for those projects.

Project selection should prioritize zero-emission vehicles or infrastructure whenever feasible. When zero-emission technologies are not feasible, natural gas engines meeting the lowest optional NO_x standard are preferred over diesel engines meeting current emissions standards. CARB's GHG emissions reduction quantification methodologies, co-benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits.

B. Guideline Modifications to Reduce the Cost of Participation in the Program

The tables below originate from each source category chapter of the Moyer Guidelines, and contain updated Maximum Percentages of Eligible Cost and State funding caps for which CAP incentives projects are eligible. The cost-effectiveness limits in the 2017 Moyer Guidelines still apply. For infrastructure projects, the Maximum Percentages of Eligible Cost have been increased, and an additional 10 percent may be added to those maximum values for projects that serve at ports, railyards, and other freight facilities.

For co-funded projects, the 15 percent Applicant Cost Share in the 2017 Moyer Guidelines is adjusted for projects funded with CAP incentives where the Maximum Percentage of Eligible Cost exceeds 85 percent. For example, a

project with a Maximum Percentage of Eligible Cost of 90 percent would have a 10 percent Applicant Cost Share requirement.

Table A-1: State Funding Caps for Community Air Protection Incentives School Bus Projects

Project Type	Funding Cap
School bus diesel or alternative fuel replacement	\$165,000
School bus optional low-NOx or hybrid replacement	\$220,000
School bus zero-emission replacement	None
School bus repower	\$70,000
School bus electric conversion	None

Table A-2: State Funding Caps for Community Air Protection Incentives Conventional Diesel, Alternative Fuel, or Hybrid Replacements (2013+ Engine Model Year; 0.20 g/bhp-hr NOx or Cleaner Standard) ⁶

Weight Class	Funding Cap
Heavy heavy-duty (HHD) GVWR > 33,000 lbs	\$60,000
Medium heavy-duty (MHD) GVWR 19,501-33,000 lbs	\$40,000
Light heavy-duty (LHD) GVWR 14,001-19,500 lbs	\$30,000
Emergency vehicles > 14,000 lbs	80 percent of cost

⁶ Except for emergency vehicles, no more than 80 percent of vehicle cost for fleets with 10 or fewer vehicles, and no more than 50 percent of vehicle cost for larger fleets

Table A-3: State Funding Caps for Community Air Protection Incentives Optional Low-NOx Replacements ⁶

Optional Low-NOx Standard or Vehicle Type	HHD	MHD	LHD
0.02 g/bhp-hr	\$100,000	\$80,000	\$70,000
0.05 g/bhp-hr	\$80,000	\$60,000	\$50,000
0.10 g/bhp-hr	\$70,000	\$50,000	\$40,000
Transit bus	\$25,000	\$25,000	\$25,000

Table A-4: State Funding Caps for Community Air Protection Incentives Optional Low-NOx Repowers

Vocation Type	Funding Caps
Transit bus	\$20,000
Other trucks and buses	\$40,000

Table A-5: State Funding Caps for Community Air Protection Incentives Zero-Emission Replacements or Conversions ⁷

Weight Class/Vocation Type	Funding Caps
Transit bus	None
HHD truck or bus	None
MHD truck or bus	None
LHD truck or bus	None

⁷ Except for emergency vehicles, no more than 95 percent of vehicle cost for fleets with three or fewer vehicles, no more than 90 percent for fleets with more than three and ten or fewer vehicles, and no more than 60 percent of vehicle cost for fleets with greater than ten vehicles.

Table A-6: State Funding Caps for Community Air Protection Incentives Hybrid Conversions ⁶

Weight Class	Funding Caps
LHD	\$7,500
MHD	\$10,000
HHD	\$15,000

Table A-7: Maximum Percentage Eligible for Community Air Protection Incentives Off-Road Projects

Project	Maximum Percentage Eligible
Diesel repower	95%
LSI repower	95%
Repower to zero-emission	95%
Mobile equipment replacement	90%
Portable equipment replacement (excludes stationary)	90%
Retrofit	100%

Table A-8: Maximum Grant Amount for Community Air Protection Incentives Locomotive Projects

Railroad Class and Type	All Project Types
Class 1 and class 2	85%
Class 3 and passenger	95%

Table A-9a: Maximum Percentages of Eligible Cost for Community Air Protection Incentives Marine Projects

Commercial Harbor Craft Regulation Schedules	Baseline Technology	Project Type	Maximum Percentage
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 0,1 ⁸	Engine repower or remanufacture kit compliant to EPA marine Tier 3	60%
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 0,1 ⁸	Engine repower or remanufacture kit compliant to EPA marine Tier 4 ^{9, 10}	95%
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 2	Engine repower or remanufacture kit compliant to EPA marine Tier 3	90%
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 2	Engine repower or remanufacture kit compliant to EPA marine Tier 4 ^{9, 10}	95%
Vessels not subject to Commercial Harbor Craft Regulation Schedules for Meeting Tier 2 or Tier 3 Standards	Tier 0, 1, 2	Engine repower or remanufacture kit compliant to EPA marine Tier 3	90%
Vessels not subject to Commercial Harbor Craft Regulation Schedules for Meeting Tier 2 or Tier 3 Standards	Tier 0, 1, 2	Engine repower or remanufacture kit compliant to EPA marine Tier 4 ^{9, 10}	95%

Table A-9b: Maximum Percentages of Eligible Cost for Community Air Protection Incentives Marine Case-By-Case Projects

Commercial Harbor Craft Regulation Schedules	Baseline Technology	Project Type	Maximum Percentage
Any vessel propulsion engine repower with an off-road Tier 3 or cleaner certified engine	Case-by-case basis	Case-by-case basis	Case-by-case basis
EPA Verified Marine Retrofit Device	Case-by-case basis	Case-by-case basis	Case-by-case basis
Installation of an EPA verified Hybrid System	Case-by-case basis	Case-by-case basis	95%
Shore power – ship side	Case-by-case basis	Case-by-case basis	100% retrofit cost
Shore power – ship side	Case-by-case basis	Case-by-case basis	65% transformer cost
Purchase of an EPA verified marine vessel exhaust capture and control system	Case-by-case basis	Case-by-case basis	Case-by-case basis

1. **Maximum Eligible Funding Amounts for Community Air Protection Incentives Light-Duty Vehicles.** Light-duty vehicle projects are subject to the Moyer Program cost-effectiveness limit and must meet all other

⁸ *Carl Moyer Program 2017 Guidelines*, Chapter 1, Section A, Part 2 requires projects to provide three years of surplus reductions prior to any applicable regulatory compliance deadline.

⁹ Due to the absence of emission factors, 2016 and newer model year Tier 4 emission standards (*Carl Moyer Program 2017 Guidelines*, Appendix D, Table D-16) will be used for funding calculations.

¹⁰ Engines using a Family Emission Limit (FEL) or Averaging, Banking, and Trading (ABT) to meet the Tier 4 emission standards will be funded at Tier 3 engine levels. Tier 3 emission factors will be used for funding calculations.

relevant criteria in the 2017 Moyer Guidelines, Chapter 8: Light-Duty Vehicles, section D. Incentives paid for eligible light-duty vehicle projects are limited to a maximum of \$1,500 per vehicle. Air districts have the authority to set more stringent project requirements.

2. **Maximum Eligible Funding Amounts for Community Air Protection Incentives Lawn and Garden Equipment Replacement.** The maximum total project funding amount associated with reducing the eligible costs of a L&GE replacement project has been predetermined as \$145 per lawn mower.

Table A-10: Maximum Percentage of Eligible Cost for Community Air Protection Incentives Infrastructure Projects

Infrastructure Project Type	Maximum Percentage of Eligible Cost
Any infrastructure project	60%
Any infrastructure project located at a sensitive receptor	100%
Publicly accessible project	70%
Projects with solar/wind power systems	75%
Publicly accessible projects with solar/wind power systems	85%
Public school buses – battery charging and alternative fueling	100%
Additional incentive for projects also serving a port, railyard, or freight facility	+10%

C. Guideline Modifications to Add Greater Flexibility for School Buses

Changes to school bus eligibility for projects funded with CAP incentives require the following Moyer Guidelines modifications.

- Modification to allow private transportation contractors that transport school children to be eligible for funding

Chapter 4, Section C.2.(B)(2) is modified to read as follows:

(2) Eligible Applicants: Public school districts in California that own their own school buses are eligible for funding. Where a Joint Powers Authority (JPA) has been formed by several public school districts and the JPA holds ownership of the school buses, then the JPA is also eligible for funding. Private transportation providers that own their own school buses and contract with public school districts to provide transportation services for public school children are also eligible for funding under the complete requirements of Section C.2.(B). Private schools and any private company or non-profit agency not providing transportation services to public school children are not eligible to receive funding for school bus projects. Following public outreach to affected communities and consideration of public input, air districts may give priority to unfunded project applications from eligible applicants submitted through the Rural School Bus Pilot Project or other school bus incentive programs regardless of their existing procedures for Moyer project application review and selection. CARB staff will provide assistance upon request for assessment of such projects relative to Moyer Program requirements.

- Modification to allow average fleet usage to be used when determining potential grant amounts

Add new sub-section (10) to Chapter 4, Section C.2.(B), which reads as follows:

(10) Annual usage for school bus projects will be determined as outlined in Chapter 4, Section B.5, except that air districts may allow for grant amounts to be based on the minimum of two 12-month periods of the school bus fleet's average California usage during the previous 24 months. Only school buses with a gross vehicle weight rating greater than 14,000 pounds that are utilized to transport students to and from school will be included in the average usage value. In recognition of the school bus fleet's overall displacement of usage that will occur with the replacement of an old, low-usage school bus with a new school bus that will be used considerably more often, grant amounts for school buses complying with the Truck and Bus Regulation via the low-use exemption may still be based on the average usage value as described in this section.

D. Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units

Changes to transport refrigeration unit eligibility and an increase in funding share require the following guideline modification for projects funded with CAP incentives.

Chapter 4, Section C.2.(G)(3) is modified to read as follows:

(3) Transport Refrigeration Units (TRUs): Replacement of diesel transport refrigeration units with zero-emission or hybrid electric units is an eligible Moyer Program project type. These projects are handled on a case-by-case basis.

- a. Funding can be made available for zero-emission and hybrid electric replacement projects only.
- b. Alternative technologies such as pure cryogenic systems are not required to be verified, but CARB must review and approve such systems as part of the project case-by-case evaluation.
- c. The unit installed must include an hour-meter or other means to measure usage, and such usage information will be provided to the air district or CARB upon request.
- d. The maximum State funding percentage is 75 percent.

E. Guideline Modification to Ensure Approved Proposition 1B Program Locomotive Projects are not Eligible to Receive Community Air Protection Incentives

The guideline modification below is intended to ensure that locomotive projects that have already been approved for funding through the Proposition 1B Program are no longer eligible to receive CAP incentives.

Add new sub-section (K) to Chapter 6, Section D.1., which reads as follows:

(K) Locomotive projects that have already been approved for funding by the Proposition 1B Program are not eligible for funding with CAP incentives, even if the project under the Proposition 1B Program is later terminated.

F. Guideline Modifications to Clarify Necessary Changes to Cost-Effectiveness Calculation Methodology for Community Air Protection Incentives Projects

For projects funded with CAP incentives, the Moyer Guidelines are modified to provide clarification and direction on how to account for changes that affect the cost-effectiveness calculation methodology, such as the removal of State funding caps and higher maximum percentages of eligible cost.

Appendix C, Section B.1. is modified to read as follows:

1. **Determining the Maximum Grant Amount**

The calculation methodology below must be applied in order to ensure final grant amounts meet the cost-effectiveness limit requirement and do not exceed incremental cost based on the maximum percentage or any other funding cap. For advanced technology projects that include a baseline vehicle dirtier than the cleanest required standard, the calculations in (A), (B), and (C) ¹¹ below must be applied twice. The project life may differ between the first and second series of calculations, depending on availability of surplus emissions reductions. The first series of calculations is made using the base cost-effectiveness limit and the emissions reductions going up to the cleanest required standard (including deterioration). The second series of calculations is made using the advanced technology cost-effectiveness limit and the emissions reductions beyond the cleanest required standard. The final maximum grant amount is equal to the combined total of the lowest values from each series. Note that school bus projects are subject to State funding caps and a separate cost-effectiveness limit as listed above in Table C-2. The maximum grant amount for any given project is the lowest of the three following calculations, using formulas C-1 through C-14 as applicable:

- The potential grant amount at the cost-effectiveness limit;

¹¹ For clarity, (A), (B), and (C) can be found on pages C-4 to C-10 of the *Carl Moyer Program 2017 Guidelines*.

- The potential grant amount based on the maximum percentage of eligible cost; or
- The potential grant amount based on any maximum dollar amount or other funding cap specified in the relevant source category chapter.

Zero-emission on-road projects funded with CAP incentives have no State funding caps for either series of calculations. Note that the removal of State funding caps opens up considerably more opportunities to co-fund with other State-funded incentives programs, such as the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project funded by GGRF. Most CAP incentives projects have maximum percentages of eligible cost that differ from projects funded with Moyer Program funds. See Table C-3 below for examples of how removal of State funding caps can affect maximum grant amounts for zero-emission on-road projects. Note that currently available zero-emission trucks may not yet support high-mileage applications.

Table C-3: Maximum Grant Amounts for Zero-Emission On-Road Projects, using Moyer Program Funds Versus Community Air Protection Incentives

Application	Baseline EMY	Estimated Total Cost	Annual Mileage	Moyer Funds Max Grant	CAP Incentives Max Grant
HHD Drayage	2008	\$300,000	40,000	\$127,000	\$127,000
HHD Drayage	2008	\$300,000	60,000	\$186,000	\$220,000
HHD Drayage	2008	\$300,000	100,000	\$200,000	\$285,000
MHD Warehouse Truck	2010	\$180,000	35,000	\$115,000	\$115,000
MHD Warehouse Truck	2010	\$180,000	60,000	\$144,000	\$171,000
HHD Warehouse Truck	2010	\$300,000	35,000	\$126,000	\$126,000
HHD Warehouse Truck	2010	\$300,000	60,000	\$200,000	\$285,000

Appendix C, Section B.1.(C) is modified to read as follows:

(C) The potential grant amount based on any maximum dollar amount or other funding cap is specified in the relevant source category chapter. Note that zero-emission on-road projects funded with CAP incentives have no State funding caps for either series of calculations. Zero-emission school bus projects have a State funding cap of \$400,000, but no restrictions on the percentage of cost that can be funded.

G. Expanded Eligibility to Exempt Zero-Emission School Bus Projects from Demonstrating Compliance with the Statewide Truck and Bus Regulation

To be eligible for the Moyer Program, school bus fleets must demonstrate compliance with the requirements of the Statewide Truck and Bus Regulation (Regulation), both for the individual vehicle involved in the project as well as the fleet as a whole. The Board directed in Resolution 18-15 that CAP incentives "... should prioritize zero-emission vehicles or infrastructure whenever feasible," and SB 856 states that "funds shall only be allocated to projects that will provide emission reductions that are in excess of those otherwise required by law or regulation." Zero-emission school bus projects generate emissions reductions in excess of those required by the Regulation regardless of compliance status. Applicants seeking CAP incentives funding for zero-emission school bus projects that serve school districts located within a disadvantaged or low-income community are exempt from the following requirements contained in the Moyer Guidelines:

- Chapter 2, Section D;
- Chapter 3, Section Y.6;
- The following sentence in Chapter 4, Section A.2.(B): [School buses] are required to be filtered unless operating under a CARB-issued extension up to January 1, 2018;
- Chapter 4, Section C.1.(D); and
- Chapter 4, Section C.2.(B)(3).

For zero-emission school bus projects funded using this exemption, if the baseline school bus does not have a diesel particulate filter installed, only NO_x and ROG emission reductions may be considered when calculating cost-effectiveness and determining the maximum grant amount.

H. Proposition 1B Program Clean Truck Evaluation Guidance

Under AB 134, an air district may choose to spend up to 40 percent of its CAP incentives on clean truck projects, relative to funding amounts and truck evaluation, in accordance with the Proposition 1B 2015 Program Guidelines (note that subsequent appropriations of CAP incentives do not have a percentage restriction). Under those Guidelines, truck evaluation includes a ranking process. In addition to the ranking process for Proposition 1B projects, the Board has historically prioritized, on a yearly basis, how Proposition 1B Program funds should be directed to best meet the State's needs each year. As outlined in the Proposition 1B 2015 Program Guidelines, the Board's most recent priorities include the following:

- Replacement projects for zero-emission trucks, hybrid trucks capable of zero-emission miles, and optional low-NOx trucks certified to the 0.02 g/bhp-hr emission level;
- Truck projects to assist small fleets;
- Projects to replace, repower, or retrofit trucks, transport refrigeration units, commercial harbor craft, ships at berth, or cargo handling equipment to zero-emission and near-zero-emission technologies; and
- Locomotive projects based on engines meeting the most stringent national emission standards.

Similar to the above priorities, air districts may adopt the priorities of AB 617 as part of their ranking process. Air districts may adopt relevant priorities such as the following in ranking projects for CAP incentives:

- The project is located in and benefits communities identified during the implementation of AB 617 as having a high cumulative exposure burden;
- The project is located in and benefits a disadvantaged or low-income community, or a low-income household;
- The project is zero-emission;
- The project directly serves a sensitive population;
- The project has received support from groups or individuals in one of the communities identified during the implementation of AB 617 as having a high cumulative exposure burden.

Clean truck grant amounts are shown in Table A-2. Note that the project life of these projects is 5 years, or 300,000 miles for Class 5 and 6 trucks and

500,000 miles for Class 7 and 8 trucks, whichever comes first. Note also that “small fleets” is defined in the *Proposition 1B 2015 Program Guidelines* as any fleet with three or fewer trucks with greater than 14,000 lbs GVWR.

Table A-2: 2015 Proposition 1B Program Guidelines: Clean Truck Grant Amounts

Eligible Truck Options	Class 5	Class 6	Class 7	Class 8	Project life
New MY 2016+ engine zero-emission truck	\$80,000	\$100,000	\$200,000	\$200,000	5 Years
New MY 2016+ engine hybrid zero-emission mile truck	\$50,000	\$65,000	\$150,000	\$150,000	5 Years
New MY 2016+ engine optional low-NOx truck (0.02 g/bhp-hr or less)	\$40,000	\$50,000	\$100,000	\$100,000	5 Years
New MY 2016+ engine hybrid truck	\$35,000	\$45,000	\$80,000	\$80,000	5 Years
New MY 2016+ engine natural gas truck	\$25,000	\$40,000	\$65,000	\$65,000	5 Years
Small Fleets Only: Repower with a new MY 2016+ engine	N/A	\$10,000	\$20,000	\$20,000	5 Years

APPENDIX B: TARGETING INVESTMENTS TO AB 1550 POPULATIONS AND MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHOLDS

Funding for CAP incentives is appropriated from GGRF, so these funds must be spent in accordance with the requirements of California Climate Investments. The CCI Funding Guidelines, most recently approved by the Board in July 2018, establish requirements and recommendations for agencies administering California Climate Investments.¹²

The CCI Funding Guidelines contain set requirements for administering agencies to promote community-based solutions to meet our climate and air quality goals among other requirements and recommendations. This Appendix to the CAP Guidelines summarizes the steps CARB staff is taking to address specific requirements in the CCI Funding Guidelines related to targeting investments to be located within and benefit AB 1550 populations¹³ and maximizing benefits to disadvantaged communities.

Requirements for Targeting Investments to Benefit AB 1550 Populations

CCI Funding Guidelines Requirement: Assess program structure for potential opportunities to target investments to benefit AB 1550 populations (e.g., set-asides, scoring criteria for competitive solicitations).

CAP Incentives Action: Through its Grant Agreements for CAP incentives, CARB staff is requiring that at least 80 percent of funds be invested in projects benefiting AB 1550 populations. Statewide targets have been established for CAP incentives as follows:

- At least 70 percent of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to individuals living in disadvantaged communities.

¹² <https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies>.

¹³ Maps of priority populations can be found at: www.arb.ca.gov/cci-communityinvestments

- An added 10 percent of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to low-income households or individuals living in low-income communities.

Air districts are required to submit tentative project lists to CARB staff when requesting disbursement of their CAP incentives beyond the initial ten percent. This provides the opportunity to assess whether a sufficient number of those projects are in and benefit AB 1550 populations. Air districts must also submit documentation that demonstrates sufficient levels of community engagement and outreach, and shows that the air district is being responsive to the needs of their communities, as determined by CARB.

- Air districts can employ a variety of other design mechanisms to help target benefits to AB 1550 populations, including setting aside a percentage of funding or dollar amount that will be used only for projects that provide benefits to AB 1550 populations.
- In addition to solicitation structures, the Board previously approved changes to the Moyer Program contained in the CAP Supplement, which included an increase in the percentage of the total project cost that the Moyer Program can pay for most equipment, and removal of State funding caps for zero-emission on-road projects.

CCI Funding Guidelines Requirement: Evaluate project types for potential benefits to priority populations using the criteria available at: www.arb.ca.gov/cci-resources.

CAP Incentives Action: Staff reviewed the Clean Transportation and Equipment Benefit Criteria Table and determined that eligible project types will provide direct, meaningful, and assured benefits via incentives for vehicles, equipment, or renewable transportation fuel that reduce criteria air pollutant or TAC emissions, such as diesel particulate matter. For new stationary source project categories, CARB staff will develop additional evaluation criteria for providing benefits to priority populations if necessary.

Projects that benefit priority populations must identify a need that the project will address. CARB recommends that air districts and/or funding recipients directly engage local residents and community-based groups to identify an important need for that community along with steps to meaningfully address that need. As an alternative to direct community engagement, air districts and/or funding recipients can refer to the list of common needs in Table 5 of the CCI Funding Guidelines and select a need that has documented broad support from local community-based organizations and/or residents. Staff also reviewed the commonly identified needs of AB 1550 populations in the CCI

Funding Guidelines and identified the following needs applicable to Community Air Protection-funded projects:

- Reduce health harms suffered disproportionately by AB 1550 populations due to air pollutants.

All CAP incentives projects will reduce criteria air pollutants and/or TACs as co-benefits, thereby reducing health harms due to air pollutants.

- Provide educational and community capacity building opportunities through community engagement and leadership.

Public workshops have informed the development of this Supplement. Continued public outreach by air districts will be a critical step in CAP incentives project selection and is required by Grant Agreements.

- Reduce exposure to local environmental contaminants, such as TACs, criteria air pollutants, and drinking water contaminants.

The purpose of CAP incentives is to directly reduce toxic and criteria air pollutants in the communities most burdened by air pollution, as an early action in support of AB 617. New direction described in SB 856 also includes elements of consideration for risk and exposure reduction.

Air districts will evaluate projects using the Clean Transportation and Equipment Benefit Criteria Table ¹⁴ to ensure that projects counted toward the statutory investment minimums: 1) are located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household; 2) meaningfully address an important community or household need for the disadvantaged community, low-income community, or low-income household; and 3) identify at least one direct, meaningful, and assured benefit to priority populations, using the evaluation criteria in the table. Air districts can fund projects that otherwise provide meaningful benefits, but do not meet these criteria; however, those projects will not be counted toward investment minimums. As noted above, new priority population benefit criteria will be developed if necessary for the new stationary source project categories.

¹⁴ The Clean Transportation and Equipment Benefit Criteria Table is found at <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/ccidoc/criteriatable/criteria-table-cte.pdf>.

CCI Funding Guidelines Requirement: Target funding, to the extent feasible, to projects that are located within and benefit residents of AB 1550 communities and low-income households.

CAP Incentives Action: As discussed above, the existing program structure will help ensure the targets identified for CAP incentives are met. The Grant Agreements also require that air districts target funds to prioritize emissions reductions in communities identified or under consideration through the AB 617 process.

CARB considers the investment targets to be a floor and strives to exceed them. In project implementation, CARB and air districts must consider, in particular, advice and guidance from residents of disadvantaged communities, especially disadvantaged communities that are identified as particular areas of concern through the AB 617 process.

CCI Funding Guidelines Requirement: Create or modify program guidelines or procedures to meet or exceed AB 1550 program targets.

CAP Incentives Action: CARB staff has developed the proposed CAP Guidelines and the already approved Moyer Supplement to provide project opportunities in ways that are responsive to AB 617, the Legislature's direction in its budget appropriations, the comments made at public workshops, and the guiding principles for California Climate Investments. This will help the expenditure of CAP incentives to meet or exceed AB 1550 program requirements.

CCI Funding Guidelines Requirement: Design programs and select projects that avoid substantial burdens to residents of disadvantaged and low-income communities, such as increased exposure to toxics or other health risks.

CAP Incentives Action: The proposed CAP Guidelines and the already approved CAP Supplement include changes to further incentivize the adoption of zero-emission equipment to maximize reductions in criteria air pollutants and TACs by removing State funding caps for zero-emission on-road projects. The Board also stipulated that any funding incentives should prioritize zero-emission vehicles or infrastructure whenever feasible when it approved the CAP Supplement last year. Additionally, Grant Agreements require the air districts to "hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects" and to "select and fund projects in accordance with feedback received during community outreach in support of AB 617." Community input may include identification of potential substantial burdens.

CCI Funding Guidelines Requirement: Implement outreach efforts that seek to directly engage and involve local community residents and community-based organizations in disadvantaged and low-income communities. These actions should begin in the early stages and continue through project implementation, as feasible.

CAP Incentives Action: For communities selected pursuant to AB 617 for community air monitoring and/or emissions reduction programs, steering committees have been established, or are in the process of being established, consisting largely of local community members. The purpose of these committees is to guide air district implementation of AB 617 and ensure community voices are heard. Committees meet on a semi-regular basis to discuss all aspects of AB 617, including how best to direct incentives to local priorities of concern.

CARB conducts outreach and engages with communities as well, both to selected communities and those under consideration for future selection. CARB held the first of multiple series of community meetings throughout February to discuss approaches for consideration and selection of additional communities, strategies to continue to support effective program implementation, and development of these new guidelines. These meetings were held on February 5 in Lamont, February 6 in Visalia, February 11 in Stockton, as well as a webinar for statewide participation held on February 27. CARB held additional public workshops to specifically discuss incentives in greater detail, held on February 6 in Visalia, and a separate webinar on February 27.

Outreach by air districts is ongoing. Grant Agreements require the air districts to “hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects” and to “select and fund projects in accordance with feedback received during community outreach in support of AB 617.” CARB reports on outreach conducted in support of CAP incentives as part of the annual reports to the Legislature on California Climate Investments. Some air districts are also using both online and paper surveys to collect public advice on the kinds of projects that will make a difference in their communities.

Requirements for Maximizing Benefits to Disadvantaged Communities

CCI Funding Guidelines Requirement: When selecting projects for a given investment, give priority to those that maximize benefits to disadvantaged communities (e.g., use scoring criteria that favors projects that provide multiple benefits or the most significant benefits, as defined by the administering agency) and provide clarity in how that priority is given.

CAP Incentives Action: Air districts have the ability to select projects according to their local priorities and concerns, within the constraints of the program guidelines. When requesting disbursements of funds from CARB, air districts must submit documentation that demonstrates that they are being responsive to the needs of communities disproportionately affected by air pollution, as well as a project list demonstrating sufficient funding is going to disadvantaged communities.

CCI Funding Guidelines Requirement: Provide direct outreach to groups of potential applicants in disadvantaged communities to increase awareness of funding opportunities and the ability of applicants to seek funding and benefit from projects. Conduct outreach in or near disadvantaged communities to seek input on important community needs from local residents and community-based organization.

CAP Incentives Action: In cooperation with local air districts and CAPCOA, CARB has held and is continuing to hold workshops and public meetings on CAP Incentives, reaching out to both disadvantaged and communities and to potential Moyer Program grant applicants for equipment they operate in those communities. Outreach by air districts is ongoing. Grant Agreements require the air districts to “hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects.” Air districts have established or are setting up Community Air Protection websites, including information on CAP incentives and projects under consideration. Additionally, CARB has developed a website to promote the CAP incentives and increase awareness of funding opportunities for eligible projects at <https://www.arb.ca.gov/msprog/cap/capfunds.htm>.

CCI Funding Guidelines Requirement: Publicly identify an agency or program point of contact or liaison to provide program-specific information, including funding opportunities, program application requirements, eligibility determinations, and application or technical assistance.

CAP Incentives Action: Agency points of contact for CAP incentives have been designated by both CARB and local air districts. There is also a CAP incentives contact responsible for outreach events and updating the consolidated California Climate Investments Calendar on a regular basis.

APPENDIX C: ACRONYMS

AB	Assembly Bill
Air District	Air Pollution Control or Air Quality Management District
APCO	Air Pollution Control Officer
ASHRAE	American Society of Heating Refrigeration and Air Conditioning Engineers
ATCM	Airborne Toxic Control Measure
BACT	Best Available Control Technology
CAPCOA	California Air Pollution Control Officer's Association
CAP	Community Air Protection
CAP Guidelines	<i>Community Air Protection Incentives 2019 Guidelines</i>
CAP Supplement	<i>Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines</i>
CARB	California Air Resources Board
CARL	Clean Air Reporting Log
CCI Funding Guidelines	<i>Funding Guidelines for Agencies that Administer California Climate Investments</i>
CCIRTS	California Climate Investments Reporting and Tracking System
CCR	California Code of Regulations
CEC	California Energy Commission
CEQA	California Environmental Quality Act
cfm	Cubic Feet per Minute
CFO	Chief Financial Officer
Chromium Plating ATCM	Hexavalent Chromium Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations
g	Grams
g/kw-hr	Grams per Kilowatt-Hour
GAAP	Generally Accepted Accounting Principles
GACB	Governmental Accounting Standards Board

GGRF Greenhouse Gas Reduction Fund
 GHG Greenhouse Gas
 GVWR..... Gross Vehicle Weight Rating
 H&SCCalifornia Health and Safety Code
 HC.....Hydrocarbons
 HEPA Filter.....High Efficiency Particulate Air Filter
 HHDHeavy Heavy-Duty
 hr..... Hours
 HVAC Heating, Ventilation, and Air Conditioning
 HVIP Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project
 HWPW.....Hardwood Plywood
 JPA..... Joint Power Authority
 K-12..... Kindergarten through Twelfth Grade
 kW..... Kilowatt
 L&GE..... Lawn and Garden Equipment
 lbs..... Pounds
 LHDLight Heavy-Duty
 µm..... Microns or Micrometers
 MERV Minimum Efficiency Rating Value
 MDF Medium-Density Fiberboard
 mg/amp-hr Milligrams per Ampere-Hour
 mg/hr Milligrams per Hour
 MHD..... Medium Heavy-Duty
 MOA Memorandum of Agreement
 MOUMemorandum of Understanding
 Moyer Guidelines..... *Carl Moyer Program 2017 Guidelines*
 Moyer Program Carl Moyer Memorial Air Quality Standards Attainment Program
 NAF..... No-Added Formaldehyde Resin
 NOx..... Oxides of Nitrogen

PB.....Particleboard
PPM.....Parts per Million
Proposition 1B Program Proposition 1B Goods Movement Emission Reduction
Program
ROG Reactive Organic Gases
SB..... Senate Bill
SORE..... Small Off-Road Equipment
Thin MDF Thin Medium-Density Fiberboard
TSCA Toxic Substances Control Act
ULEF..... Ultra-Low Emitting Formaldehyde
U.S. EPA.....United States Environmental Protection Agency
VIN Vehicle Identification Number

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APPENDIX D: DEFINITIONS

Active Transportation: Any method of travel that is human-powered, most commonly walking and bicycling.

Add-On Air Pollution Control Device: Equipment installed in the ventilation system of chromium electroplating and anodizing tanks or chromium bath tanks for the purposes of collecting and containing chromium emissions from the tank(s).

Administrative Funds: State funds allocated to program support and outreach costs directly associated with implementing the Community Air Protection Program.

Air District: An air pollution control district or an air quality management district.

Air Filtration: The means by which to remove airborne particles that are harmful to human health and to obtain a specified level of particulate cleanliness.

Air Pollution Control Officer (APCO): The air pollution control officer, executive director, executive officer or designee as determined by each air district.

Airborne Toxic Control Measure (ATCM): A regulatory measure enacted by CARB. CARB's *ATCM to Reduce Formaldehyde Emissions from Composite Wood Products* controls formaldehyde emitting from composite wood.

Ampere-Hour: The integral of electrical current applied to a plating tank (amperes) over a period of time (hours).

Applicant: An applicant is an owner or operator that has applied for funding. An applicant can also be a participant (see participant).

Applicant Cost Share (ACS): The 15 percent or more of Eligible Cost (MEC) that is paid by the applicant, except when waived for public entity applicants.

Awardee (Grantee): An air district that has secured and disbursed the awarded grants.

Baseline Technology: Engine technology applied under normal business practices, such as the existing engine in a vehicle or equipment for replacements, repowers, and retrofits.

BACT: stands for best available control technology.

Building Energy Efficiency Standards: Criteria set by the California Energy Commission that helps to reduce a building's energy consumption.

California Climate Investments Program: A statewide program that utilizes billions of Cap-and-Trade dollars to reduce greenhouse gas (GHG) emissions, strengthen the economy and improve public health and the environment.

California Air Pollution Control Officer's Association (CAPCOA): A non-profit association of the air pollution control officers from all 35 local air districts throughout California.

Case-by-Case Determination: A process in which local air districts may request CAP incentives staff to review and approve a project that varies from the specific requirements of these Guidelines only if such approval will not adversely affect the achievement of real, surplus, quantifiable, enforceable and cost-effective emissions reductions. See Chapter 3: Program Administration, Section G, for additional information.

Certification: A finding by the Air Resources Board (ARB) or the U.S. EPA that a mobile source or emissions control device has satisfied applicable criteria for specified air contaminants. For composite wood, CARB-approved third-party certifiers verify that manufactures of composite wood panels are in compliance with the ATCM to control formaldehyde emissions in composite wood.

Chemical Fume Suppressant: Any chemical agent that reduces or suppresses fumes or mists at the surface of an electroplating or anodizing bath; another term for fume suppressant is mist suppressant.

Chromic Acid: The common name for chromium anhydride (CrO₃).

Chromic Acid Anodizing: The electrolytic process by which an oxide layer is produced on the surface of a base material for functional purposes (e.g., corrosion resistance or electrical insulation) using a chromic acid solution. In chromic acid anodizing, the part to be anodized acts as the anode in the electrical circuit, and the chromic acid solution, with a concentration typically ranging from 50 to 100 grams per liter, serves as the electrolyte.

Chromium Electroplating or Anodizing Tank: The receptacle or container in which hard or decorative chromium electroplating or chromic acid anodizing occurs, along with the following accompanying internal and external tank components needed for chromium electroplating or chromic acid anodizing. These tank components include, but are not limited to, rectifiers fitted with controls to allow for voltage adjustments, heat exchanger equipment, and circulation pumps.

Clean Air Reporting Log (CARL): An on-line database tool maintained by CARB and used by air districts to track and report projects and funds under the CAP Guidelines.

Community Air Protection (CAP) Incentives or Community Air Protection Funds: Funds appropriated from GGRF, awarded by CARB to local air districts in partnership with local communities to implement incentives projects. These projects are intended to mitigate emissions exposure in communities most impacted by air pollution.

Competitive Bidding Process: For CAP incentives purposes, the process by which an air district or applicant competitively selects projects or eligible equipment, respectively. For competitive bids required of air districts, the process, including selection criteria, must be outlined in the air district solicitation and approved by the air district board.

Composite Wood: Wood based panels made from wood pieces, particles, or fibers that are bonded using an adhesive or resin that may consist of formaldehyde.

Conversion: The replacement or modification of the original engine or vehicle to include either a cleaner engine or other system that provides motive power *and change of the fuel type used* (2017 Revisions to the Moyer Guidelines, Chapter 4, section A.1(C)).

Cost-Effectiveness: A measure of the dollars provided to a project for each ton of covered emissions reduction (H&SC § 44275(a)(4)).

Cost-Effectiveness Limit: The maximum amount of funds that can be granted to CAP incentives projects per weighted ton of emissions reduced, using the methodology in Appendix C of the Moyer Guidelines.

Criteria Air Pollutants: A group of air pollutants identified by the Clean Air Act that can negatively impact peoples' health and the health of the environment.

Earned Interest: Interest generated from CAP incentives held by an air district in interest-bearing accounts. The earned interest from CAP incentives is added to an air district's available project funds.

Electric Vehicle Supply Equipment (EVSE): An electrical energy transfer device that conducts and regulates power from the electrical portal connection to the electrical vehicle inlet.

Electroplating or Anodizing Bath: The electrolytic solution used as the conducting medium in which the flow of current is accompanied by movement of metal ions for the purpose of electroplating metal out of the solution onto a work piece or for oxidizing the base material.

Eligible Cost: Costs associated with projects that are eligible for reimbursement under the CAP Guidelines, prior to considering the cost-effectiveness limit or any project funding cap restrictions. This includes the sum of CAP incentives Paid Cost and Remaining Eligible Cost.

Emissions Control System: Any device, system, or element of design that controls or reduces the emissions of regulated pollutants from a vehicle.

Executed Contract: A legally binding contract signed by the local air district APCO, or other air district designated representative, and the grantee to fund an eligible engine, equipment, or vehicle project that will reduce covered emissions. An executed contract is a program milestone in which parties agree to meet the obligations within the contract by a specified date.

Existing Lawn Mower: An internal combustion engine-powered, operational lawn mower owned and operated in California by the applicant.

Expenditure: To make a full or partial payment of CAP incentives toward a project invoice for an eligible CAP incentives project.

Federal Funds: Awards of financial assistance to an individual or organization from the U.S. government to carry out a government-authorized purpose, and not provided as personal benefits or assistance from the government.

Fiscal Year: The designation given to each year that air districts are awarded CAP incentives. Each funding year is associated with set times for achieving program milestones such as contract execution, fund expenditure, and fund liquidation. The Legislature appropriated a combined \$495 million in funding in Fiscal years 2017-18 and 2018-19.

Formaldehyde: A poisonous, odorous gas that is a classified toxic air contaminant and used in manufacturing composite wood based products.

Funding Amount: The amount of funds dedicated to a contracted project for reporting purposes in CARL; this value may never exceed the grant amount.

Funding Cap: The maximum dollar amount or maximum percentage of CAP incentives or State funds that may be expended on a project, as specified by source category and limited by variables that include the contribution of other incentive programs, rules, regulations, and incremental cost.

Funding Target: The total funds required to meet a program milestone such as funds executed or liquidated during a funding cycle, for purposes of cumulative tracking and reporting. Funding targets consider regular CAP incentives, State Reserve funds, Rural Assistance Program funds, interest funds, reallocated funds, recaptured funds, interest and salvage revenues, and other funds associated with CAP incentives.

Grant Amount: Contracted amount of CAP incentives for a project, which may not exceed the maximum dollar amount or maximum percentage of eligible cost specified by source category and project type.

Grantee: See "Awardee".

Greenhouse Gases: A group of gases that trap heat in the atmosphere. These gases include: Carbon dioxide, Methane, Nitrous oxide, and Fluorinated gases.

Gross Vehicle Weight Rating (GVWR): A value specified by the vehicle manufacturer as the maximum design loaded weight of a single vehicle. Examples are shown in Table D-1.

Heavy-Duty Vehicles (HDV): Trucks and buses in the weight classes shown below in Table D-1.

Table D-1: Heavy-Duty Vehicle Classification for Community Air Protection Incentives On-Road Projects

Vehicle Classification	GVWR
Light Heavy-Duty (LHD)	14,001 to 19,500 pounds
Medium Heavy-Duty (MHD)	19,501 to 33,000 pounds
Heavy Heavy-Duty (HHD)	Over 33,000 pounds

Hexavalent Chromium: The form of chromium in a valence state of +6.

High Performance Particulate Air (HEPA) Filter: A filter that has a 99.97% efficiency rate of trapping microns that are smaller than .3 microns in size.

Incremental Cost: The cost of the project less a baseline cost that would otherwise be incurred by the applicant in the normal course of business.

Ineligible Cost: Costs associated with a project that are not eligible under the CAP Guidelines, but are eligible project costs under other funding sources.

Investor Owned Utility: A business providing utility services such as electricity, natural gas, telephone and water services, that is managed privately rather than as a function of a government or public cooperative. Examples are Pacific Gas and Electric, Southern California Edison, and Sempra Energy.

Lawn and Garden Equipment: Equipment used to maintain lawns and gardens. This equipment is generally, but not exclusively, powered by spark-ignition engines. This equipment is traditionally used in applications such as lawn mowers, edgers, trimmers, leaf blowers, and chainsaws. Equipment that does not fall into this category includes golf carts, specialty vehicles, generators, pumps, and other small utility equipment.

Lawn Mower Exchange Event: An occasion where participants' existing gasoline lawn mowers are exchanged for new cordless, zero-emission electric lawn mowers or vouchers for new, cordless, zero-emission electric lawn mowers.

Liquidate: To spend all moneys for a specified fiscal year to reimburse grantees for valid and eligible project invoices and air district administrative costs. Payments withheld from the grantee by an air district until all contractual reporting requirements are met may be excluded from these amounts for the purposes of liquidation (H&SC § 44275(a)(12)). For a specific project, liquidation refers to all funded equipment as paid in full and operational.

Local Funds: Monies provided by any unit of local government including a publicly owned utility and Joint Powers Authority (JPA).

Maximum Grant Amount: The maximum amount of money a grantee is eligible to receive for a cost-effective CAP Program project. The maximum grant amount for a project is the lowest of the three following values: (a) the grant amount at the cost-effectiveness limit; (b) the maximum percentage of eligible cost; or (c) any maximum dollar amount specified in the relevant source category chapter.

Maximum Percentage of Eligible Cost: The maximum percentage of eligible cost that may be expended on a project as specified by source category and project type, often to reflect incremental cost.

Memorandum of Agreement (MOA) or Memorandum of Understanding (MOU): A document recording the basic terms of a proposed transaction or setting forth the principles and guidelines under which parties will work together.

Minimum Efficiency Reporting Value (MERV): A measurement scale of the effectiveness of an air filter.

Mitigation Funds: Monies received for the compensation for the impacts to the environment from a proposed activity.

Moyer Program Funds: State funds awarded by CARB to local air districts to implement the Moyer Program, including project, administrative, and interest revenue from the awarded funds, and revenues from salvage of equipment scrapped under the program. Local funds that are under the air district's budget authority may also qualify as Moyer Program funds or match funds (see H&SC § 44287(e)); however, certain limitations apply (see H&SC § 44287(j)).

New Station: Construction of a new battery charging or alternative fueling station where there is currently no station.

Non-CAP Incentives: Project funds from sources other than CAP incentives.

Nonperformance: Program nonperformance is an air district's non-compliance with program guidelines or statute that is not corrected by the air district in a timely or satisfactory fashion.

Off-Road Compression-Ignition Equipment: A piece of equipment that is powered by an off-road compression-ignition engine which is any internal combustion engine: in or on a piece of equipment that is self-propelled or serves as a dual purpose by both propelling itself and performing another function and is primarily used off the highways (such as garden tractors, off-highway mobile cranes and bulldozers); or in or on a piece of equipment that is intended to be propelled while performing its function (such as lawnmowers and string trimmers); or that, by itself or in or on a piece of equipment, is portable or transportable, meaning designed to be and capable of being carried or moved from one location to another. Indicia of transportability include, but are not limited to wheels, skids, carrying handles, dolly, trailer, or platform that is consistent with California Code of Regulations, title 13 section 2421.

Other Applied Funds: Funds that are not local, State, or federal that are used to co-fund an eligible CAP incentives project.

Operator: A person, corporation, public agency, or other entity that owns, operates or maintains a vehicle, equipment, or installation.

Owner: A person who is the owner or the operator (see Operator) of a facility performing hard chromium electroplating, decorative chromium electroplating, or chromic acid anodizing.

Paid Cost: Project costs eligible under CAP incentives, and are to be paid by CAP incentives. These costs are used to determine project cost-effectiveness, except in the case of infrastructure projects or other project categories that do not have a traditional cost-effectiveness calculation.

Participant: A participant is a facility owner or operator that applies for or has received grant funding

Penalty Funds: Funds paid to an enforcing entity as a result of enforcement action brought against a violator of a local, State or federal law, ordinance, regulation or rule.

Performance Test: A test to demonstrate compliance with the hexavalent chromium emission rate as specified in the Chromium Plating ATCM, Section 93102.7 or per local requirements, if applicable. The test must be conducted using one of the approved test methods specified in subsection 93102.7(c) and must show emissions reductions in excess of those otherwise required by law or regulation.

Priority Population: Priority populations include disadvantaged communities, low-income communities, and low-income households.

Policies and Procedures: An air district manual for local implementation of the CAP Guidelines. For more information see Chapter 3, Section B.

Project Life: The period for which CAP incentives are considered to provide emissions reductions in excess of those otherwise required by law or regulation for a given project.

Project Funds: CAP incentives designated for eligible project costs to reduce covered emissions from covered sources.

Public Entity: The State of California, a public university or college, a county, city, district, public authority, public agency, public corporation, another state government, the federal government, or any other subdivision or agency of a state government or the federal government.

Public Funds: Funds provided toward project costs by local, State or federal public entities, including grants, rebates and vouchers.

Reallocation: A process for allocating returned funds to eligible air districts. See Chapter 3, Section K for additional information.

Rebuilt or Remanufactured: Engines offered by the original engine manufacturer (OEM) or by a non-OEM rebuilder who demonstrates to CARB that the rebuilt engine and parts are functionally equivalent from an emissions and durability standpoint to the OEM engine and components being replaced.

Recaptured Funds: Project funds that are returned by a grantee to an air district or CARB because that grantee did not meet all of its contractual obligations. Air districts must spend these funds on another project in a later funding year.

Reduced Technology: Newer technology that is used by the applicant to obtain emissions reductions in excess of those otherwise required by law or regulation.

Replacement Lawn Mower: A cordless, zero-emission electric lawn mower.

Repower: A repower is the replacement of the existing engine with an electric motor or a newer emission-certified engine instead of rebuilding the existing engine to its original specifications.

Returned Funds: Funds returned by an air district to CARB for reallocation because they are either not liquidated by the required funding year liquidation deadline, or are associated with a CARB Incentive Program Review mitigation measure.

School Bus: Vehicles used for the express purpose of transporting students, kindergarten through grade 12, from home to school, school to home, and to any school sponsored activities.

Sensitive Receptor: Any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (K-12) schools; daycare centers; and health care

facilities such as hospitals or retirement and nursing homes. A sensitive receptor includes long-term care hospitals, hospices, prisons, and dormitories or similar live-in housing.

Source: Any chromium electroplating or chromic acid anodizing operation and any equipment or materials associated with the selected associated air pollution control technique.

Stationary Source: An installation, facility, building, or other structure that can or does emit any affected pollutant directly or as a fugitive emission.

State Funds: Funds provided by a State agency for the purpose of co-funding projects under the CAP Guidelines. State agencies include every State office, department, division, bureau, board, commission, the University of California, and the California State University.

State Implementation Plan: Under the Clean Air Act, the plan submitted by a state that demonstrates attainment or maintenance of an air quality standard through implementation of specified control measures.

Supplemental Environmental Project: An environmentally beneficial project that a violator subject to an enforcement action voluntarily agrees to undertake in a settlement action to offset a portion of an administrative or civil penalty.

Support Vehicle: A vehicle that does not transport students to and from school but is instead used by the school for such activities as the upkeep of their grounds and the delivery of their food. This fleet of support vehicles is also called the "white fleet."

Technology: A system utilizing chemicals, mechanical equipment, or some other physical mechanism to treat and reduce hexavalent chromium emissions from a polluting source.

Third-Party Certifier: A CARB approved entity or organization that verifies the accuracy of the emission test procedures and facilities used by manufacturers to conduct formaldehyde emission tests, monitors manufacturer quality assurance programs, and provides independent audits and inspections.

Total Project Cost: The CAP incentives eligible cost and the CAP incentives ineligible cost for vehicles, equipment, engines, accessories, installation and infrastructure within a single CAP incentives project. An applicant may not accept grant funds from all sources that exceed 100 percent of total project cost excluding the Applicant Cost-Share.

Toxic Air Contaminant: A hazardous air pollutant that can exacerbate or cause cancer or other serious health effects in human health.

Toxic Substances Control Act: A law that regulates new and existing chemicals.

Trivalent Chromium Process: The process used for electrodeposition of a thin layer of chromium onto a base material using a trivalent chromium solution instead of a chromic acid solution.

Utility: A privately-owned company that provides the same or similar service for water, natural gas, and electricity as a public utility operated by a municipality.

Vehicle Miles Traveled (VMT): Total miles traveled by a vehicle in one year. Also called annual mileage or annual usage.

Verification: A determination by CARB or the U.S. EPA that a diesel emission control strategy meets specified requirements, based on both data submitted and engineering judgement. Third-party certifiers will verify that composite wood products meet CARB/U.S. EPA standards. Also see "Certification."

Violation: When an individual, company, or entity is responsible for violating an environmental law, regulation or rule.

White Fleet: The fleet of support vehicles, excluding school buses, such as light and medium heavy-duty flat beds and delivery trucks that transport goods and services to schools.

Yellow Fleet: The fleet of school buses that transport students to and from schools.

Zero-Emission Technology: A vehicle or equipment that emits no pollutants.

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I. Program Overview

California's agricultural industry consists of approximately 77,500 farms and ranches, providing over 400 different commodities, making agriculture one of the State's most diverse industries. Producers, custom operators, first processors, and rental companies own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, and on-road vehicles used in agricultural operations. Even with increasingly stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions is necessary to meet federal ozone and particulate matter air quality standards.

In recognition of the strong need and this industry's dedication to reducing their emissions, the State Legislature allocated \$135 million to the California Air Resources Board (CARB) from Fiscal Year (FY) 2017-18 through Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017). The Legislature directed the use of the monies to "reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations." CARB staff has developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature's objectives and help meet the State's criteria, toxic and greenhouse gas (GHG) emission reduction goals. The FARMER Program Guidelines discuss the funding allocations for air districts, eligible project categories and criteria, program implementation details, and the justification for these investments.

The Shared Allocation Pool is specifically designated for the 18 Air Quality Management and Air Pollution Control Districts (Districts) with less than one percent of the statewide agricultural equipment emissions inventory, to ensure farmers in those Districts have the opportunity to access FARMER funding and to streamline the implementation of the FARMER Program. The Pool will be managed by Placer County Air Pollution Control District (Placer APCD) and the California Air Pollution Control Officers Association (CAPCOA) in accordance with the grant provisions outlined in the agreement between the California Air Resources Board (CARB) and Placer APCD and provisions outlined in the subsequent agreement between CAPCOA and Placer APCD. It should be noted that while Placer APCD will act as the overseer of this program, CARB may terminate this grant upon thirty days' written notice to Placer APCD, as stated in the Grant Agreement. CARB also reserves the right to audit Placer APCD at any time throughout the duration of this grant.

The pooled funding consists of \$4.8 million for equipment and project related costs and \$752,000 for project implementation costs.

II. Roles and Responsibilities

Placer APCD will act as the program overseer for the Shared Allocation Pool and will be responsible for program development, such as developing application materials. Placer APCD will not impose any program requirements that are more stringent than those specified in the FARMER Program Guidelines and Mail-Outs. Placer APCD will enter into independent contracts with participating Districts and will inform CAPCOA as Districts have entered into such contracts.

CAPCOA will initiate evaluation of project applications and will recommend eligible projects for funding only to Districts that meet the minimum requirements for participation (see Section IV, Requirements for Participation). Placer APCD will review the list of recommended projects for accuracy and cost-effectiveness and will contact participating Districts regarding project awards.

Once the selection process has been completed and the participating District chooses to accept the project, the full responsibility for the project contract, project completion and related responsibilities as contained in the relevant guidelines rests solely with the participating District, not with CAPCOA or Placer APCD. This includes notification to the applicant of the award and providing the applicant with a timeline for project execution and completion. Project funding is provided directly to the participating District by Placer APCD.

Placer APCD will be responsible for ensuring projects are adequately monitored in regards to the expenditure of funds. Placer APCD will also maintain project records and meet with CARB quarterly to review progress.

III. Program Timeline

Placer APCD will enter into independent contracts with participating Districts and will inform CAPCOA as Districts have entered into such contracts. Districts must enter into such contracts before their project(s) may receive funding, but they may submit project applications for review by CAPCOA before such a contract is complete.

Project applications must be received by CAPCOA no later than November 30, 2018 to be considered for first round funding. On or before January 15, 2019, CAPCOA will provide a list of projects recommended for immediate funding to Placer APCD.

Project applications must be received by CAPCOA no later than March 15, 2019 to be considered for second round funding. On or before May 1, 2019, CAPCOA will provide a list of projects recommended for second-round funding to Placer APCD.

On or before June 1, 2020, if necessary, CAPCOA will provide a final list of recommended projects to Placer APCD obligating any remaining funding.

The FY 2017-18 FARMER Program funds must be disbursed by CARB to Placer APCD no later than May 30, 2021 and funds must be liquidated by the participating District no later than June 30, 2021. Final disbursement requests from Placer APCD must be received by CARB no later than March 30, 2021 to ensure adequate time for processing prior to the end of the fiscal year.

Funds not liquidated by June 30, 2021 must be returned by August 15, 2021. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.

IV. Requirements for Participation

A. Eligible Air Districts

Any of the following 18 Districts may participate in the FARMER Shared Allocation Pool with Placer APCD:

Amador County APCD	Modoc County APCD
Antelope Valley AQMD	Mojave Desert AQMD
Calaveras County APCD	North Coast Unified AQMD
El Dorado County AQMD	Northern Sierra AQMD
Great Basin Unified APCD	Northern Sonoma County APCD
Lake County AQMD	Placer County APCD
Lassen County APCD	Shasta County AQMD
Mariposa County APCD	Siskiyou County APCD
Mendocino County AQMD	Tuolumne County APCD

Participating Districts on the above list must enter into contracts with Placer APCD in order for projects to be eligible for funding, but they may submit applications before such contracts are complete in order to expedite the review process. Districts must have approved 2017 Carl Moyer Program Policies and Procedures for the category of equipment in their application to receive an award.

B. Contract Development between Placer APCD and Participating Districts

Each of the Districts that participate in this Program will be required to enter into a contract with Placer County APCD. These contracts must be executed pursuant to each District's own rules, which could allow for the APCD to sign, or require District Board Approval. Contract provisions will require that Districts are responsible for the successful implementation of the Program pursuant to this Manual, and will be subject to many of the terms and limitations of the Agreement between Placer APCD and CARB, which is attached hereto as Attachment A.

C. Contract Development between a Participating District and Project Applicants

Except as otherwise stated in the most current Carl Moyer and FARMER Program Guidelines and any subsequent modules or Mail-Outs, participating Districts will be required to execute contracts with prospective grantees who will receive funds under the FARMER Program. All FARMER Program contracts must be consistent with the applicable guidelines and this Policies and Procedures Manual and must be substantive enough to fulfill all applicable guideline requirements.

V. Project Categories

Eligible projects will include those found in the most recent Carl Moyer Program Guidelines (Moyer Guidelines) and FARMER Guidelines, including any subsequent modules and Mail-Outs (FARMER Guidelines). This includes any subsequent modules released for the FARMER or Carl Moyer Programs. Furthermore, while the current FARMER Guidelines provide a list of eligible project categories (i.e., Carl Moyer Program-eligible agricultural

projects; the Zero-Emission Agricultural UTV Project; and the Ag Trade-Up Pilot Project in the San Joaquin Valley), CARB may choose to expand this initial list as innovative, new project categories are explored. Projects categories that are added by CARB will be eligible and District staff are encouraged to keep up-to-date with new project categories if and when they are released.

Projects will not be limited by category or geographic location. The goal will be to provide at least one project to each interested District and to promote funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016) where applicable. However, it is recognized that the number of projects currently eligible for funding within or benefiting these types of communities may be limited in some Districts. Therefore, while projects that benefit these households and communities are highly encouraged, it is not a funding requirement that FARMER projects do so.

A. Heavy-Duty Agricultural Trucks

Due to the seasonal nature of the agricultural industry, heavy-duty agricultural trucks do not typically accrue many miles, which may limit incentive funding levels for these projects through traditional incentive funding mechanisms. Additionally, many specialty trucks used in agricultural operations are more expensive due to the specialized equipment they contain. CARB staff have worked with air districts, industry representatives, and other stakeholders to develop this category that provides additional incentives necessary to help owners and operators of agricultural trucks to turn over their older heavy-duty on-road and specialty agricultural trucks.

With the exceptions of the eligibility requirements, as outlined below and in ARB's Additional FARMER Categories Mail-Out (9/24/2018)¹, participants in this project category must meet all other applicable requirements for heavy-duty trucks in the FARMER Program Guidelines, 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs.

Existing Agricultural Truck Requirements:

- Existing equipment must currently be in compliance with CARB's Truck and Bus Regulation and be registered in the TRUCRS Reporting program under one of the following provisions:
 - Agricultural Vehicle Extension²
 - Low mileage agricultural vehicles shall continue to be exempt from the requirements of 13 CCR 2025(f) and (g), so long as they do not exceed: (A) 15,000 miles in a compliance year from January 1, 2017 through January 1, 2020; and (B) 10,000 miles in a compliance year from January 1, 2020 through January 1, 2023.
 - Low-Use Exemption³
 - Low-use vehicles as defined in section 13 CCR 2025(d)(40) are exempt from the requirements of section 13 CCR 2025(e) but the owner must meet reporting and record keeping requirements in accordance with sections 13 CCR 2025(r)(12) and 2025(s).

¹ <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

² For the full requirements of CARB's Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(2).

³ For the full requirements of CARB's Low-Use Exemption refer to 13 CCR 2025(p)(4).

- “Low-use Vehicle” means: (A) A vehicle that is operated fewer than 1,000 miles within the borders of California in the compliance year, or (B) Until January 1, 2020, a vehicle that is operated fewer than 5,000 total miles, regardless of where it is operated, in the compliance year.
- Specialty Agricultural Vehicle Extension⁴
 - Specialty agricultural vehicles, as defined in section 13 CCR 2025(d)(55), are exempt from the requirements of sections 13 CCR 2025(f), 13 CCR 2025(g), 13 CCR 2025(h) and 13 CCR 2025(i), until January 1, 2023.
- Trucks following the Engine Model Year Schedule⁵ of the Truck and Bus Regulation, and that have an engine with a model year of 2007 or newer.

It should be noted that for participants required to meet a compliance deadline by January 1, 2023, participants’ replacement vehicles must be in operation by December 31, 2019 in order for their project to be complete by the compliance deadline and for emissions reductions under the FARMER program to be considered “surplus.”

Replacement Agricultural Truck Requirements:

- Replacement trucks must meet 2010 emission standards of 0.20 g/bhp-hr NOx.
- Replacement trucks must be purchased from a California dealership—no private party transactions are permitted.
- Replacement trucks must have a GVWR of 14,001 pounds or greater.
- Replacement used trucks must have less than the miles indicated below on the odometer:
 - Class 8 with a GVWR of 33,001 pounds or greater must have less than 650,000 miles
 - Class 7 with a GVWR of 26,001 – 33,000 pounds have less than 350,000 miles
 - Class 4-6 with GVWR of 14,001 – 26,000 pounds have less than 25,000 miles
- All replacement new trucks are subject to the warranty requirements in the 2017 Carl Moyer Program Guidelines.
- Replacement used trucks are not subject to warranty requirements, but the participant must ensure that the truck remains in operation for the life of the contract.

Eligible Costs:

- This project category would provide incentives for up to 65% of the eligible cost of a new heavy-duty agricultural truck as described in FARMER Guidelines and additional project categories. There are no cost-effectiveness requirements for this project category.
- Upgrades to new trucks that add to the cost of the truck may be eligible for funding upon determination of the participating District. Otherwise, FARMER funding may only be used to fund the ‘base model’ that will serve the same function as the older truck.
- Replacement trucks must comply with the requirements and standards described in the September 24, 2018 FARMER Program Additional and Modified Project

⁴ For the full requirements of CARB’s Specialty Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(11).

⁵ For the full requirements of CARB’s Engine Model Year Schedule, refer to 13 CCR 2025(f) for vehicles with a GVWR 26,000 lbs or less or refer to 13 CCR 2025(g) for vehicles with a GVWR greater than 26,000 lbs.

Categories Mail-Out from CARB⁶.

- Glider kits do not qualify as replacement trucks under this project category.

Project Life:

- The maximum project life for heavy-duty agricultural trucks is 7 years.
- The minimum project life for heavy-duty agricultural trucks is 3 years.
- A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the participant's contract, as described in Section VIII.A of this document.

Reporting Requirements:

Participants must report annually to the participating District with basic information on the new truck for the project life. This information will be specified in the applicant's contract with the participating District and could include, but is not limited to:

- Current odometer reading,
- Location of new truck,
- Records of any service/maintenance performed since the last report.

B. Zero-Emission Agricultural Utility Terrain Vehicles (UTV) Projects

Zero-emission Ag UTV Projects may be executed using either a contract with the applicant or a voucher, as described in the modification provided in the September 24, 2018 Mail-Out from CARB⁷. If the voucher modification is used, requirements for pre- and post-inspections related to UTV projects are eliminated. These inspections are still required if the District chooses to use a contract. A Certification of Destruction from the dismantler or other documentation confirming that the old UTV was rendered permanently inoperable is required under either method.

In addition to vehicle eligibility criteria and participant requirements outlined in the FARMER Guidelines and subsequent Mail-Outs, the following information should be taken into account when considering Zero Emission Ag UTV Projects.

Existing Equipment Requirements:

- Existing equipment must be a self-propelled all-terrain vehicle (ATV) or utility terrain vehicle (UTV).
- Existing equipment must be powered by a compression-ignition engine (diesel) or spark-ignition engine (gasoline).
- Existing equipment must be operational and in-use at the time application is submitted.

Application:

Applicant must provide information on the existing and new UTVs to the best of their ability. Application information should include, at a minimum:

⁶ <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

⁷ <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

- Applicant name, contact information, and mailing address
- Existing equipment information
 - Equipment address
 - UTV make
 - UTV model
 - UTV model year
 - UTV VIN
 - Annual operation hours
 - Engine make
 - Engine model
 - Engine model year
 - Engine serial number
 - Horsepower rating
 - Fuel type
 - Engine tier
- Documentation of ownership, showing that the participant has been the sole owner of the existing equipment for the previous 24 months.
- Dealership contact information for the replacement equipment (e.g., name, address, phone number)
- Replacement equipment information
 - UTV make
 - UTV model
 - UTV model year
 - Horsepower rating
 - Total cost
- Dated and itemized quote for the replacement equipment
- A manufacturer's specification data sheet for the replacement equipment

Eligible Costs:

- This project category would provide incentives for up to 75% of the eligible cost of a new zero-emission UTV as described in FARMER Guidelines.
- Eligible costs may include base vehicle, roof, windshield, or doors as well as an extended warranty. Eligible costs do not include attachments such as winches, storage bins, plows, cab heaters, or additional batteries.

Project Life:

- The required project life for Ag UTVs is 3 years.
- A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the participant's contract, as described in Section VIII.A of this document

Reporting Requirements:

Participants must report annually to the participating District with basic information on the new equipment for the project life. This information will be specified in the applicant's contract with the participating District and could include, but is not limited to:

- Current hour meter reading,

- Current odometer reading,
- Location of new UTV,
- Records of any service/maintenance performed since the last report.

VI. Solicitation of Applications

A. CAPCOA Website Content

In coordination with Placer APCD and CARB, CAPCOA will create a webpage providing useful information for participating Districts and applicants within those Districts. Webpage information may include, but is not limited to, the following:

- FARMER project application;
- Outreach and education materials;
- Eligibility requirements;
- Terms and conditions;
- Links to relevant guidelines;
- Frequently asked questions; and
- Contact information.

B. Participating District Efforts

Participating Districts will be responsible for outreach efforts beyond those of the CAPCOA webpage. This could include creating outreach materials and conducting public outreach regarding the FARMER Program.

Public outreach may be conducted to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities and to low-income households and communities. Outreach could include, but is not limited to, the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers. Content of materials could include, but is not limited to, information on program availability, application materials, and pertinent deadlines.

VII. Submission and Review of Applications

A. Application Submission

Project applications must be consistent with this Policies and Procedures Manual, as well as the contract between the participating District and Placer APCD. Regardless of source of application (Moyer RAP, District submitted, new submission), equipment quotes may be no more than 6 months old at time of application. Equipment quotes may be updated at the request of the District, the applicant or CAPCOA if a substantial change in price has occurred or if the applicant would like to update their application.

Project applications must include documentation of existing engine usage, such as miles traveled, hours operated, fuel consumed per year, or maintenance records, for 24 months or as specified in the FARMER guidelines by source category. This information will be used to evaluate project cost-effectiveness.

Participating Districts may provide CAPCOA with applications for consideration for funding by email.

B. Application Review

Upon finalization of agreement between CAPCOA and Placer County APCD to administer the FARMER Program, CAPCOA will independently evaluate each application submitted using the following procedure during each of the three funding rounds:

- **For applications submitted to the Carl Moyer Rural Assistance Program (RAP) 19 and 20 Cycle**
 - a. Review current Moyer RAP oversubscription list for Year 19 and 20 and select projects eligible for FARMER funds from Districts in the Shared Allocation Pool. Request updated information for applications as necessary.
 - b. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
 - c. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.
- **For applications submitted to the Carl Moyer Year 20 Cycle Oversubscription**
 - a. Review unfunded project applications from the most recent Moyer Year 20 and select projects eligible for FARMER funds from Districts in the Shared Allocation Pool. Request updated information for applications as necessary.
 - b. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
 - c. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.
- **New FARMER Solicitation**
 - a. Advertise new FARMER solicitation to participating Districts through website plus local outreach to eligible applicants from Districts.
 - b. Accept project applications from participating Districts. Review project applications, request additional information as needed, enter into applicable tracking system, etc.
 - c. Rank projects according to cost-effectiveness and the criteria outlined in Section VIII.
 - d. Recommend eligible projects to Placer APCD to begin the process to transfer funding for Districts to accept the projects.

VIII. Process and Schedule for Project Selection

A. Ranking Projects for Selection

Among other factors, projects will be awarded based on cost effectiveness. To determine cost effectiveness for ranking purposes, projects will initially be assigned a 5-year project life, or the maximum possible project life allowed by regulatory deadlines.

Projects with funding costs in excess of \$135,000 may be excluded if two or more projects in the District can be funded with that level of funding. However, these projects may still be funded based on a number of factors, including but not limited to:

- projects that deal with a unique equipment type;
- projects that benefit disadvantaged communities and/or low-income households or communities, consistent with AB 1550;

- projects that have high cost-effectiveness;
- projects that have a documented high rate of operation;
- projects that benefit sensitive receptors such as K-12 schools;
- projects that address a local need.

B. Project Recommendations

All applicants recommended for funding will be contacted by CAPCOA or the participating District to determine if they are still viable projects prior to submission to Placer APCD for consideration.

Maximum funding amounts for the Carl Moyer Program-eligible projects will be based on the Moyer guidelines for the specified project category. Maximum funding amounts for the non-Moyer project categories (e.g., ag UTVs, the new ag truck category, and Trade-Up) will be based on a percentage of the vehicle/equipment/engine/repair cost, as outlined in the FARMER Guidelines.

Up to 10 percent of the available funding in each funding round will be reserved for:

- Agricultural pump electrification and infrastructure projects as described in the Moyer Guidelines,
- Heavy-duty agricultural vehicles (as defined in CARB's Truck and Bus Regulation), and
- Project categories that are not Moyer-eligible but are otherwise eligible for funding under the FARMER Program Guidelines (e.g. Zero-Emission Agricultural UTVs), including any future Program Advisories and Mail-Outs.

These projects will be ranked based on cost-effectiveness, ability to benefit disadvantaged communities and low-income households or communities, and ability to aid in geographic equity among participating Districts and will be funded in that order. It should be noted that while these projects may not necessarily have a cost-effectiveness cap, cost-effectiveness values will be calculated for ranking purposes. Projects will continue to be subject to any funding caps or other requirements as described in the Moyer and FARMER Guidelines.

Projects will be funded until the full 10% allocation is expended or until there are no more eligible projects to fund, whichever comes first. If there are not enough projects to fully allocate the 10% reserve, any remaining funds will be rolled back into the general fund for Moyer-eligible projects. CAPCOA shall provide lists of recommended projects to Placer APCD in three rounds, per the schedule below:

Round 1

Project applications must be received by CAPCOA no later than November 30, 2018 to be considered for first round funding.

On or before January 15, 2019, CAPCOA will provide a list of projects recommended for immediate funding to Placer APCD. Round 1 funding will preferentially go to projects with a cost effectiveness of less than or equal to \$30,000/ton of emissions reductions, but the following criteria will also be taken into consideration:

- a. Projects are located within and benefitting disadvantaged communities and low-

- income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable.
- b. Projects aid in achieving geographic equity among participating Districts.

Placer APCD will aim to fund projects with the highest cost effectiveness first, until 60% of available funds are expended or until there are no more eligible projects to fund, whichever comes first.

Round 2

Project applications must be received by CAPCOA no later than March 15, 2019 to be considered for second round funding.

On or before May 1, 2019, CAPCOA will provide a list of projects recommended for second-round funding to Placer APCD. CAPCOA will attempt to obligate all available project funds in this second round by recommending projects based on the following criteria:

- a. Projects are located within Districts that were not recommended for at least one award in Round 1. These projects will be funded in order of most to least cost-effective.
- b. Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable. These projects will be funded in order of most to least cost-effective.
- c. Projects aid in achieving geographic equity among participating Districts.

Round 3

On or before June 1, 2020, if necessary, CAPCOA will provide a final list of recommended projects to Placer APCD obligating any remaining funding. Project solicitation will be ongoing and will continue until this list can be provided.

Projects recommended for Round 3 funding will be chosen through a similar procedure as that for Round 2. Namely, recommended projects will be based on the following criteria:

- a. Projects are located within Districts that were not recommended for at least one award in Rounds 1 or 2. These projects will be funded in order of most to least cost-effective.
- b. Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable. These projects will be funded in order of most to least cost-effective.
- c. Projects aid in achieving geographic equity among participating Districts.

IX. Procedures for Notification

On the specified dates, CAPCOA will provide a list of recommended projects to Placer APCD. Placer APCD will review CAPCOA's recommendations and notify eligible Districts of their award(s).

Successful Districts will notify awardees of the status of awards and complete all work outlined in their contract with Placer APCD.

After all pooled funding has been obligated, CAPCOA or the participating District, as agreed upon, will notify applicants of their non-award status and may provide information on applicable grant programs.

X. Inspections

A pre-inspection, post-inspection, and verification of destruction inspection must be completed prior to funding a project, when applicable. An Inspection Report shall be used to document such inspections. All inspection reports and photos will be maintained in the project file both digitally and in hard copy. Digital photos will be kept in the .jpeg file format and hard copy photos will be in color and be no less than a quarter sheet of paper in size. Photos should be clear and legible to the best extent possible.

A. Pre-Inspections

For on-road vehicles⁸, off-road equipment⁹, zero-emission agricultural UTVs¹⁰ (when applicable), and engine-related projects, pre-inspections must be conducted prior to contract execution, as described in the Moyer and FARMER guidelines. Zero-emission Agricultural UTV projects are subject to pre-inspection. There are no pre-inspection requirements for infrastructure projects.

The pre-inspection process includes taking photos of the vehicle/equipment, verifying operation as described, and ensuring that the information submitted in the applicant's application is correct. The minimum requirements for pre-inspection can be found in greater detail in the FARMER and Moyer guidelines for the project category.¹¹

If the serial number of the engine is required by FARMER or Moyer pre-inspection guidelines but is not present or accessible, or if there is a missing engine data plate, District staff will assign a serial number to the engine and stamp that number into the engine block for future tracking.

B. Post-Inspections

Post-inspections for on-road vehicles¹², off-road equipment¹³, engine-related projects, infrastructure projects¹⁴, and agricultural UTVs (when applicable)¹⁵ must occur after receipt of

⁸ For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

⁹ For additional information on pre-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

¹⁰ Pre-inspections are not required for UTVs purchased with a voucher. For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(3).

¹¹ For additional information on pre-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section W.

¹² For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

¹³ For additional information on post-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

¹⁴ For additional information on post-inspection requirements for infrastructure projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 10, Section J.

¹⁵ Post-inspections are not required for UTVs purchased with a voucher.

an invoice but prior to District final reimbursement for the project, as described in the Moyer guidelines¹⁶.

For vehicle/equipment post-inspections, District FARMER staff is to verify that the replacement vehicle, equipment, and engine listed in the contract was purchased. For vehicle and equipment replacement projects, inspections will occur at the dealership or at some designated location prior to the program participant taking delivery. District FARMER staff shall take photos of the replacement vehicle/equipment/engine as described in the FARMER and Moyer guidelines.

Post-inspections are not required for zero-emission agricultural UTVs purchased with a voucher. However, they must be made available for post-inspection by the participating District, Placer APCD, CARB, or a designee if such a request is made.

C. Verification of Destruction

In addition to completing a post-inspection on all replacement mobile projects, District FARMER staff shall also conduct a verification of destruction inspection¹⁷ for on-road vehicles¹⁸ and off-road equipment¹⁹ (including agricultural UTVs²⁰) in order to ensure that the old vehicle/equipment and engines are permanently destroyed. When approved by the District, an approved dismantler/salvage yard may conduct the inspection on behalf of the District and provide the required documentation within ten days of destruction.

Dismantlers who participate in the FARMER Program must enter into a contract with the participating District prior to the destruction of any vehicles/equipment or engines.

D. District Audits of Projects

Audits performed by trained inspection staff from the Participating District will be conducted throughout the life of a project to ensure that the project is still operational, no tampering of the engine has occurred, and the originally contracted operational mileage, fuel usage, or hours of operation are being correctly reported. At minimum, the annual auditing protocols must adhere to the Current Moyer Guidelines²¹.

¹⁶ For additional information on post-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X.

¹⁷ For additional information on verification of destruction requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X.

¹⁸ For additional information on verification of destruction requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

¹⁹ For additional information on verification of destruction requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

²⁰ For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(4).

²¹ For additional information on District Audits of Projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section AA.

XI. District Project Files

A. Required Documentation

Participating Districts are required to maintain documentation of solicitation by fiscal year, as well as program project and fiscal files.

Program project files shall contain at a minimum:

- a) FARMER application, supporting documents, and estimated project cost
- b) Analysis of emission reductions (when applicable)
- c) Original contract
- d) Inspection forms and photographs
- e) Copy of dealer/seller's invoice,
- f) Original invoice(s) from the participant invoicing the District for the awarded grant amount
- g) Monitoring/Audit reports
- h) Key communications with participant

B. File Retention

Unless otherwise specified in the Moyer or FARMER Guidelines, grant receipts and expenditure documents including invoices, contracts, vouchers, personnel and payroll records should be retained for five years after the grant liquidation period or the last recorded grant transaction, whichever is later. All other project files must be retained three years following the end of the contract term. In the event final payment has not been issued prior to the end of the contract term, the three-year clock is restarted upon final payment. Applications for unfunded projects must be kept a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period.

Project files will be regularly updated with active project progress, inspection and audit results, annual usage report information, and general contracted project activity.

C. Acceptable File Formats

Files may be retained in an electronic format if complete and easily accessible. Digital project documents are stored as JPEG, TIF, GIF and PDF files.

Images in hard copy form must be at least a quarter sheet in size and be printed in the highest image quality feasible.

XII. Reporting Procedures

A. Quarterly Updates

Participating Districts are required to provide Placer APCD with quarterly updates on all projects funded through the FARMER Program. CAPCOA and Placer APCD will collaborate to create a reporting template for participating Districts, which should include the implementation status of any FARMER projects awarded funding, along with any implementation costs. These updates will be facilitated by CAPCOA at least 45 days prior to Placer APCD's quarterly reporting deadline to CARB.

CAPCOA will compile Districts' update information and submit to Placer APCD for review. Placer APCD will then submit this information to CARB as part of their quarterly reporting requirements.

Placer APCD must submit numbered, quarterly reports to CARB in accordance with the following schedule.

- Report 1: Covers grant execution through September 30, 2018, with the report due November 30, 2018;
- Report 2: Covers October 1, 2018 through December 31, 2018, with the report due February 15, 2019;
- Report 3: Covers January 1, 2019 through March 31, 2019, with the report due May 15, 2019;
- Report 4: Covers April 1, 2019 through June 30, 2019, with the report due August 15, 2019;
- Report 5: Covers July 1, 2019 through September 30, 2019, with the report due November 15, 2019;
- Report 6: Covers October 1, 2019 through December 31, 2019, with the report due February 15, 2020;
- Report 7: Covers January 1, 2020 through March 31, 2020, with the report due May 15, 2020;
- Report 8: Covers April 1, 2020 through June 30, 2020, with the report due August 15, 2020;
- Report 9: Covers July 1, 2020 through September 30, 2020, with the report due November 15, 2020;
- Report 10: Covers October 1, 2020 through December 31, 2020, with the report due February 15, 2021; and
- Report 11: Covers January 1, 2021 through March 31, 2021, with the report due May 15 2021 along with the final disbursement request.

Quarterly reports must be submitted through April 30, 2021, or until all funding has been expended.

B. Annual Reports

Participating Districts are required to report information on an annual basis for any projects funded through the FARMER Program and still under contract once funding has been expended and quarterly reports have ceased. Participating Districts that do not have any such projects are not required to provide an annual report.

For Districts that will require annual reporting, Placer APCD and CAPCOA will create a reporting template. Annual Reports will be submitted to CAPCOA at least 45 days before Placer APCD's annual reporting deadline to CARB of August 29 each year. These reports must cover data from July 1 of the previous year through June 30 of the current year. CAPCOA will compile the participating Districts' reports and submit to Placer APCD for review. After the submitted reports have been reviewed, Placer APCD will submit the reports to CARB by the reporting deadline.

Districts are required to report project information in the FARMER Benefits Calculator Tool. The reported information must be sufficient to populate the required data fields and to calculate covered emission reductions and cost-effectiveness for equipment types where

required. Districts will ensure the reported information is complete, correct, and supported by documentation.

Because the FARMER Program is funded in part by Greenhouse Gas Reduction Fund (GGRF) Funding, reporting and recordkeeping is required to quantify and document each project's benefits in keeping with GGRF requirements, in addition to the reporting and recordkeeping required under Carl Moyer Program Guidelines. Funding recipients are required to track annual usage for the new vehicle or equipment, in terms of hours or miles per year, provide location data to allow for calculation AB 1550 benefits, and submit annual updates to Districts while under contract.

In addition to project information, applicable Districts must submit Annual Reports to Placer APCD that, at minimum, include:

- Contract execution and liquidation status of FARMER Program funds.
- Outputs generated by the FARMER Benefits Calculator Tool for the default years specified in the utility.
- For the most recent fiscal year, additional funds available to FARMER from the following sources. These funds will be included in the target for the funding year due for liquidation in four years unless the air district directs CARB staff to include them in an earlier year target.
 - The amount of any interest accrued on FARMER Program funds held in local accounts. An air district may choose to designate in the Yearly Report all or a portion of this interest for remittance to CARB.
 - Funds recaptured from liquidated projects, including funds provided back to the air district following CARB enforcement actions, identified by project name and funding year.
 - Non-grant revenue earned for the FARMER Program by the air district, such as from the sale of scrapped engines or equipment.
- A list of any projects identified as non-performing and a brief narrative of any related enforcement actions.

XIII. Procedures for Nonperforming Participants

The participating District must take appropriate action to ensure emission reductions are realized for engines, equipment, vehicles, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract, when average usage over a three year period for a contracted engine, equipment, or vehicle is less than 70 percent of the activity required in the contract, the District may choose, but is not limited to, the options below to address the underutilization. (In cases of projects which may have a contracted project life of less than three years, the same activity threshold of less than 70 percent applies, averaged over the project life.)

- Extend the project contract for additional years, precluding overlap with an applicable rule implementation requirement (off-road equipment projects may be considered for a contract extension which extends beyond a required compliance date).
- Return funds in proportion to the loss in emission reductions.
- Transfer ownership of the engine, vehicle, or equipment to another entity committed to complying with the contract terms.
- Recalculate a project's cost-effectiveness based on the reported decrease in usage.

- Grant a usage waiver, without penalty, to the grantee for a defined time period. The grantee must demonstrate to the air district's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment, and that the underutilization was due to unforeseen conditions beyond the grantee's control. Such waivers shall be at the discretion of the APCO.
 - The conditions under which a waiver may be issued include, but are not limited to, the following:
 - A decrease in usage due to economic recession;
 - Unforeseen fluctuations in water allocations or pumping needs for agricultural irrigation pump engines; or
 - Significant land fallowing for off-road agricultural equipment and agricultural irrigation pump engines.

XIV. Program Funding

A. Project Fund Use

Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related expenses necessary to implement FARMER Program-eligible projects.

Project implementation costs are defined in the FARMER Program Guidelines. The Shared Allocation Pool has been allocated 12.5% of the funding allocation for project implementation costs. Of that 12.5%,

- 1% has been allocated to CAPCOA for costs related to project evaluation;
- 2% has been allocated to Placer APCD for costs related to overseeing the Shared Allocation Pool; and
- 9.5% has been allocated to participating Districts for costs related to project administration.

In general, project implementation funds may be used for work completed in the following categories, as further described in the Moyer and FARMER guidelines:

- Labor expenses (including total staff time and labor costs);
- External subcontractor(s) fees for completed work, if applicable;
- Printing, mailing, traveling, and other outreach expenses; and
- Other indirect costs.

“Other indirect costs” refers to administrative costs as defined in the FARMER Guidelines. These costs are included within project implementation costs and may not exceed 5% of the grant amount.

B. Placement of Funds

Once a project has been approved for funding by Placer APCD, the participating District can expect to receive funds in check form within 45 days. The participating District shall place all received funds in an interest-bearing account and track interest accrued as described in Section XV, Interest Accrual. Participating Districts are highly encouraged to expend all funds within 12 months of receipt.

C. District Co-Share of Project Costs

Funds other than Moyer Program grant funds and AB 923 funds may be used to co-fund FARMER Program eligible projects, when all program criteria associated with each funding source are met. Funding sources, eligibility of funds, and co-funding procedures can be found in the Moyer Guidelines and in the guidelines of any other applicable funding source or program.

The total amount of project funding may not exceed the maximum eligible grant amount as outlined in the FARMER and Moyer guidelines for the project type, and the participating District would not be eligible for additional administrative funding for the co-shared portion of the project costs.

There is no limit on the number of co-funding sources that can be used to fund a project, as long as the total project costs are not exceeded and a 15 percent applicant cost share requirement is met for private sector projects.

D. Right to Reallocate Funds

CARB and Placer APCD reserve the right to redirect funds from a participating District and reallocate such funds to other Districts, if a District informs Placer APCD in a written letter that it will not be able to meet expenditure deadlines, or if it is found that the approved project did not meet funding requirements.

In the event of non-performance or termination, CARB and Placer APCD shall require full recovery of the unspent funds by transfer upon the participating District's accounts. The District must provide fund transfer information within 45 days upon receipt of notice.

In no event shall the participating District receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be immediately returned to Placer APCD.

E. Required Documentation

General Documents Maintenance

All contracts, including contracts with project awardees, documentation, records, and reference materials that are required by this program must be made available for review during monitoring visits and audits by CARB, Placer APCD, or their designee. These records must be retained for the life of the projects funded under this grant.

Documents Required to be Submitted to Placer APCD

- For those projects recommended for funding, participating Districts must mail original copies of project applications with "wet" signatures in blue ink to the Placer APCD Liaison.
- Participating Districts must mail copies of executed contract with Placer APCD, and such document must be received before Placer APCD will deliver funds to participating Districts.
- A copy of a board resolution, meeting minutes, or other documentation of the District's authority to accept funds from Placer APCD for use within the FARMER program must be delivered via mail or electronically.

Requests for payment must be made consistent with FARMER Guidelines and this PPM and include all documentation required by CAPCOA and Placer APCD. After the initial grant disbursement request, the participating Districts must include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds with each subsequent grant disbursement request.

Backup for administrative funds may include the following:

- Staff time in actual hours or percent of hours devoted to project implementation, as well as staff wage, which shall be described in an official document of the District, such as a duty statement, a warrant, an invoice or timesheet;
- Implementation funds for subcontractor(s). This could be reflected within documents such as a contract, invoices or other documentation as agreed upon by the participating District and Placer APCD;
- Printing, mailing, records retention, and travel expenses. The participating Districts must provide copies of relevant District policies, and records that illustrate expenditure for the Program;
- Necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees (<http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>). No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB.

Participating Districts must keep written documentation of all transactions they expect to receive reimbursement for. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee. If project implementation funds are used for indirect costs, the Grantee must document and describe how these costs are determined.

XV. Invoice Submission

After contract execution and once conditions for funding are met, the program participant must submit an original invoice requesting payment, including copies of all associated invoices related to project expenditures. If any portion of the project requires financing, the program participant (or their dealer) shall provide the financing terms to the participating District before the District issues payment. The full contract amount shall be used to pay down any financing within 30 days of receiving payment from the District. Proof of payment is due to the District within 45 days of receiving payment from the District. The amount financed may not exceed the incremental cost of the project. District FARMER staff must also conduct any necessary post-inspections as described Section X, Inspections. After a successful inspection and after all of the conditions for payment are met, the program administrator will approve each invoice for reimbursement. Invoices and requests for payment are then forwarded to administrative staff for review and processing and then to the APCO for final approval. For multi-stage projects, partial payments may be approved on a case-by-case basis and is described in the program participant's contract. The District will maintain a clear record of progress payment in the project file.

XVI. Interest Accrual

The participating District must maintain accounting records (e.g., general ledger) that track interest earned, expended, or returned on the project funds, as follows:

- The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method.
- Interest earned must ensure that it is separately identifiable from interest earned on non-project funds.
- The methodology for calculating earned interest must be consistent with how it is calculated for the participating District's other fiscal programs.
- Documentation of interest earned and expenditures made on those funds or returned to CARB must be:
 - Retained for a minimum of three years after it is generated.
 - Provided to CARB in Placer APCD's quarterly reports.

XVII. Oversight Provisions

A. Termination and Suspension of Payments

1. CARB and Placer APCD reserve the right to terminate this grant upon thirty days written notice to Placer APCD. In case of early termination, Placer APCD will immediately notify participating Districts, who must return remaining funds, including any earned interest, immediately, as outlined in the Agreement between Placer APCD and the Districts.
2. CARB and Placer APCD reserve the right to issue a grant suspension order in the event that a dispute should arise. If Placer receives such an order, it will notify the Districts and the grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the District chooses to continue work on the project after receiving a grant suspension order, the District will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB at its sole discretion will reimburse Placer APCD for any expenses incurred by the participating Districts during the suspension that CARB deems reimbursable in accordance with the terms of the grant.

B. Oversight and Accountability

1. The Districts will comply with all oversight responsibilities identified in the Farmer Program Guidelines, any future Program Advisories and Mail-Outs, and the Grant Agreement.
2. CARB or its designee, including but not limited to Placer APCD, reserve the right to audit at any time during the duration of this grant the Districts' costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Districts shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
3. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a District, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB

also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.

**Attachment A:
Grant Agreement between Placer APCD and CARB**

- Exhibit A -



Mary D. Nichols, Chair
Matthew Rodriguez, CalEPA Secretary
Edmund G. Brown Jr., Governor

September 12, 2018

RECEIVED

SEP 13 2018

Placer County Air Pollution
Control District

Ms. A.J. Nunez
Placer County Air Pollution Control District
110 Maple Street
Auburn, California 95603

Dear Ms. Nunez:

As indicated via email, the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Grant Agreement was executed on September 5, 2018. Please attach the enclosed original signed coversheet for Grant Number G17-AGIP-18 to the grant agreement package for your records. Together, this will constitute the complete Grant Agreement between the Placer County Air Pollution Control District and the California Air Resources Board (CARB).

Work can now begin on this project. If you have any questions or need further clarification, please contact Erin Uchida, Air Resources Engineer, at (916) 323-0002 or by email at erin.uchida@arb.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Buffington", with the word "for" written below it.

Michelle Buffington, Manager
Off-Road and Agricultural Strategies and Incentives Section

Enclosure

cc: Mr. Erik White (w/o enclosures)
Air Pollution Control Officer
Placer County Air Pollution Control District
110 Maple Street
Auburn, California 95603

Ms. Erin Uchida (w/o enclosures)
Air Resources Engineer
Mobile Source Control Division

- Exhibit A -

STATE OF CALIFORNIA
California Environmental Protection Agency
AIR RESOURCES BOARD
ASD/BCGB-337 (NEW 10/2017)

GRANT AGREEMENT COVER SHEET

GRANT NUMBER G17-AGIP-18

NAME OF GRANT PROGRAM Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program	
GRANTEE NAME Placer County Air Pollution Control District	
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER 94-6000527	TOTAL GRANT AMOUNT NOT TO EXCEED \$5,572,100.00
FISCAL GRANT TERM FROM: June 30, 2018	TO: May 30, 2021
PROJECT PERFORMANCE PERIOD OF GRANT AGREEMENT FROM: June 30, 2018	TO: June 30, 2031

This legally binding Grant Agreement, including this cover sheet and Exhibits attached hereto and incorporated by reference herein, is made and executed between the State of California, California Air Resources Board (CARB) and the Placer County Air Pollution Control District (the "Grantee").

Exhibit A – Grant Provisions

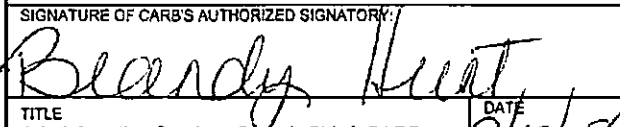
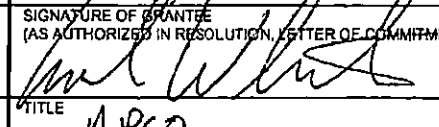
Exhibit B – FARMER Program Guidelines – available at: <https://arb.ca.gov/ag/agincentives/farmerguidelines.pdf>

Exhibit C – Carl Moyer Program Guidelines, 2017 Revisions – available at:

<https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from CARB.

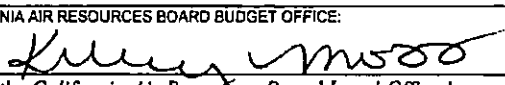
The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

California Air Resources Board		GRANTEE'S NAME (PRINT OR TYPE) Placer County Air Pollution Control District	
SIGNATURE OF CARB'S AUTHORIZED SIGNATORY: 		SIGNATURE OF GRANTEE (AS AUTHORIZED IN RESOLUTION, LETTER OF COMMITMENT, OR LETTER OF DESIGNATION) 	
TITLE Administrative Services Branch Chief, CARB	DATE 9/5/18	TITLE APCO	DATE 8/21/18
GRANTEE'S ADDRESS (INCLUDE STREET, CITY, STATE AND ZIP CODE) 110 Maple Street, Auburn, California 95603			

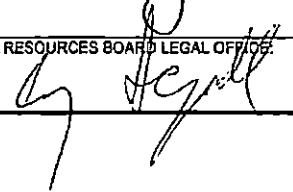
CERTIFICATION OF FUNDING

AMOUNT ENCUMBERED BY THIS AGREEMENT \$5,572,100.00	FISCAL YEAR/PROGRAM 2017/18 / 3500	FUND TITLE Air Quality Improvement Program		
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT \$0.00	(OPTIONAL USE)			
TOTAL AMOUNT ENCUMBERED TO DATE \$5,572,100.00	ITEM 3900-101-3119	CHAPTER 249	STATUTE 2017	FISCAL YEAR 2017/18
OBJECT OF EXPENDITURE 6100-702-88205				

I hereby certify that the California Air Resources Board Budget Office acknowledges that budgeted funds are available for the period and purpose of the expenditure stated above.

SIGNATURE OF CALIFORNIA AIR RESOURCES BOARD BUDGET OFFICE: 	DATE 8/17/18
---	------------------------

I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.

SIGNATURE OF CALIFORNIA AIR RESOURCES BOARD LEGAL OFFICE: 	DATE 8/14/18
--	------------------------

GRANT PROVISIONS

I. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the current Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program Guidelines (Guidelines), any future approved Guidelines, and current and future Program Advisories and Mail-outs, including all provisions, roles, and responsibilities identified.

II. Grant Summary and Amendments (If Applicable)

Program Name: FARMER Program

Total Funding: \$5,572,100.00

A. Air Quality Improvement Fund (AQIF) Amount:¹ \$5,572,100.00

III. Grant Parties And Contact Information

A. This grant is from the California Air Resources Board (hereinafter referred to as CARB or the Board) to the Placer County Air Pollution Control District (hereinafter referred to as Grantee).

B. The CARB Project Liaison is Erin Uchida. Correspondence regarding this project shall be directed to:

Erin Uchida
California Air Resources Board
Mobile Source Control Division
P.O. Box 2815
Sacramento, California 95812
Phone: (916) 323-0002
Email: erin.uchida@arb.ca.gov

¹ AB 109 (Ting, Chapter 249, Statutes of 2017), the Budget Act of 2017

- Exhibit A -

The Grantee Liaison is A.J. Nunez. Correspondence regarding this project shall be directed to:

A.J. Nunez
Placer County Air Pollution Control District
110 Maple Street
Auburn, California 95603
Phone: (530) 745-2381
Email: ajnunez@placer.ca.gov

IV. Time Period

- A. Performance of work or other expenses billable to CARB under this grant may commence after full execution of this grant by both parties. Performance on this grant ends once the Grantee has submitted the final report or if the grant is terminated, whichever is earlier.
- B. The FY 2017-18 FARMER Program funds specified in this grant agreement must be disbursed by CARB no later than May 30, 2021 and funds must be liquidated by the Grantee no later than June 30, 2021. Final disbursement requests must be received by CARB no later than **March 30, 2021** to ensure adequate time for processing prior to the end of the fiscal year.
- C. Funds not liquidated by June 30, 2021 must be returned by **August 15, 2021**. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.
- D. CARB Executive Officer retains the authority to reduce the dollar amount of this grant as stipulated in Section VI.G, Procedure for Interdistrict Redirection of Grant Funds, or reduce the dollar amount of future grants, if the Grantee is unable to adhere to the schedule in Section V.B.6.a), Project Schedule.
- E. CARB Executive Officer retains the authority to terminate this grant for non-performance. In the event of such termination or reduction of the grant amount, Section VII, Termination and Suspension of Payments, of these provisions shall apply.

V. Duties And Requirements

This section defines the respective duties and requirements of CARB and the Grantee in implementing the FARMER Program.

- Exhibit A -

A. California Air Resources Board

CARB is responsible for the following:

1. Updating and maintaining the FARMER Program Guidelines, as needed.
2. Participating in regular meetings with the Grantee to discuss project refinements and guide project implementation.
3. Reviewing and approving project elements provided by the Grantee, such as the FARMER incentives webpage, payment verification, and progress reports.
4. Review and approve Grant Disbursement Request Forms and distribute project implementation funds to the Grantee that will later be distributed to participating Districts pursuant to Project Implementation described below.
5. Providing project oversight and accountability (in conjunction with the Grantee).
6. Submitting biennial reports to the Legislature on projects funded with AB 118 funds (i.e., AQIF and ARFVTF).

B. The Grantee

The Grantee is responsible for implementation of the FARMER Program as described in the Board-approved FARMER Program Guidelines. The purpose of the FARMER Program is to reduce criteria pollutants, toxic air contaminants, and greenhouse gas emissions from the agricultural sector by providing incentives to fund vehicle and equipment projects that are used in agricultural operations.

The Shared Allocation Pool is specifically designated for the 18 air districts² with less than one percent of the statewide emissions from agricultural equipment to ensure farmers in those districts have the opportunity to have access to FARMER funding and streamline the implementation of the FARMER Program.

The Grantee may delegate responsibilities and must document this delegation in their FARMER Program Policies and Procedures Manual as specified in Section V.B.1.d), and through any associated binding agreements (e.g. grants or

² The air districts eligible for FARMER Program funding in the Shared Allocation Pool are: Amador APCD, Antelope Valley AQMD, Calaveras County APCD, El Dorado AQMD, Great Basin Unified APCD, Lake County AQMD, Lassen County APCD, Mariposa County APCD, Mendocino County AQMD, Modoc County APCD, Mojave Desert AQMD, North Coast Unified AQMD, Northern Sierra AQMD, Northern Sonoma County APCD, Placer County APCD, Shasta County AQMD, Siskiyou County AQMD, and Tuolumne County APCD.

- Exhibit A -

subcontracts). At minimum, the Grantee's duties and requirements include:

- Program development (e.g., developing application materials and conducting outreach);
- Implementation of eligible projects (e.g., review project applications; select eligible projects; and distribute payments to program participants);
- Program oversight;
- Establishing and maintaining project records;
- Reporting to CARB;
- Ensuring projects are adequately monitored;
- Meeting with CARB quarterly; and
- Other duties, as required.

The Grantee is responsible for ensuring the on-the-ground project implementation and distributing payments for eligible project transactions, including, but not limited to, the following tasks:

1. Program Development

- a) Develop and use language-specific materials, which may be reviewed by CARB. Language-specific materials may include, but are not limited to, the following:
 - Project application;
 - Outreach and education materials;
 - Website;
 - Eligibility requirements;
 - Terms and conditions;
 - Frequently asked questions; and
 - Contact information.
- b) Conduct public outreach, in consultation with CARB, the California Air Pollution Control Officers Association, and individual Districts, to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities.³ Outreach could include the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers.
- c) Advertise program availability, application materials, and pertinent deadlines (e.g. application deadlines, timeline for project evaluation, liquidation deadlines, and others) on the Grantee's or their Subcontractor's website.

³ <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>

- Exhibit A -

- d) Develop a FARMER Program Policies and Procedures Manual that describes the administration of the Shared Allocation Pool of the FARMER Program, including roles and responsibilities of the Grantee, any subcontractors, participating air districts, and project participants and local application of FARMER Program policies. This document must also provide a detailed description of the process by which the Shared Allocation Pool will be administered.

The Grantee must submit the FARMER Program Policies and Procedures Manual to CARB for review and it must be approved by CARB prior to funding any awarded grant projects. The Grantee will review the manual at least once a year and make it available when requested by CARB staff or a member of the public. At a minimum, the FARMER Program Policies and Procedures Manual will include the following elements:

- 1) Roles and responsibilities of the Grantee, any subcontractors, and participating air districts involved in the Shared Allocation Pool for program implementation, including staff or positions responsible for: responding to CARB funding solicitations; evaluation, selection, and inspection of projects; and obtaining governing board approval for program participation and projects to be funded;
- 2) Identification of the project categories supported by the Shared Allocation Pool, and the schedule for solicitation and review of applications to be submitted under these project categories;
- 3) Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, or whether projects are selected in order of application receipt (first-come, first-served); and any procedures that vary by project category;
- 4) Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants;
- 5) Where applicable, project selection procedures that ensure priority for funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016);
- 6) The method for calculating interest earned on FARMER Program funds held by the Grantee, subcontractors, and participating air districts;
- 7) Procedures for the Grantee to submit program invoices and receive payment, including itemization required to limit reimbursement to eligible costs, conditions for progress or partial payment, and practices for withheld payments pending participant reporting;

- Exhibit A -

- 8) Methods the Grantee will use to verify the destruction of engines and equipment when required, consistent with FARMER Program Guidelines and current Carl Moyer Program Guidelines by source category;
- 9) Methods participating air districts will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information;
- 10) Procedures, schedules, and required content for participant reports;
- 11) The types of acceptable documentation for establishing historical annual usage and procedures for considering and granting usage waiver requests, including supporting information to be provided by the participant;
- 12) Procedures for working with nonperforming participants to gain full compliance with contracts and program requirements;
- 13) Any Grantee or air district program requirements that are more stringent than those specified in FARMER Program Guidelines and Mail-Outs;
- 14) Any CARB approvals of Grantee and participating air district program elements that vary from those required by FARMER Program Guidelines and Mail-Outs, e.g., methods of ensuring engine or equipment destruction that vary from those specified in the Guidelines.

2. Project Implementation

- a) Ensure participating vehicle and equipment dealers, purchasers, and lessees meet all applicable FARMER Program requirements. Vehicles and equipment funded by the FARMER Program must meet all minimum eligibility requirements applicable to the project category, as described in the FARMER Program Guidelines. The Grantee must ensure all parties involved in a FARMER transaction are compliant with applicable criteria and procedures in current FARMER Guidelines, any future approved FARMER Guidelines, which include applicable Carl Moyer Program Guidelines, current and future Program Advisories and Mail-outs that could be updated from time to time, and this grant agreement.
- b) Use the criteria in the FARMER and Carl Moyer Program Guidelines to review and approve or disapprove project requests and document this process in each project file.
- c) Properly notify applicants of selection results as specified in the FARMER

- Exhibit A -

and Carl Moyer Program Guidelines.

- d) Provide incentive amounts consistent with the FARMER Guidelines.
- e) Ensure that projects subject to destruction or "scrap" requirements, vehicle and/or engine destruction and verification and any revenues generated from the destruction are conducted using the appropriate procedures identified in the Carl Moyer Program Guidelines.⁴

3. Program Oversight

- a) Track projects for vehicles and equipment in and benefitting AB 1550 populations in a manner directed by CARB.
- b) Develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, project, and funding source (i.e., AQIF, GGRF, and ARFVTF).
- c) Ensure compliance with applicable requirements of:
 - o Current FARMER Program Guidelines and any future approved Guidelines, and current and future Program Advisories and Mail-Outs;
 - o Current Carl Moyer Program Guidelines and any future approved Carl Moyer Program Guidelines, and current and future Program Advisories and Mail-Outs as described above 2(a); and
 - o Current GGRF Funding Guidelines and any future approved GGRF Funding Guidelines.

4. Establish And Maintain Project Records

As further described below, project records include, but are not limited to, Grantee, financial, and other records. All project records must be retained for the life of the project. All project records are subject to audit pursuant to Section IX, General Provisions, of this grant agreement. Upon completion of the projects, the Grantee shall submit all project records to CARB.

- a) Grantee Record: The Grantee must retain a file for the FARMER Program containing:
 - o Original executed copy of the grant agreement and grant agreement amendments (if applicable);
 - o Copies of Grant Disbursement Request Forms;
 - o Documentation of earned interest generation and expenditure;
 - o All quarterly reports;

⁴ <https://www.arb.ca.gov/msprog/moyer/guidelines/current.htm>

- Exhibit A -

- All project applications received, including approved applications and applications for projects that did not receive funding;
 - Invoices from project participants for reimbursable items; and
 - All other information that documents all aspects of the project.
- b) **Financial Record:** Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:
- Establish an official file for the FARMER Program, which shall adequately document all significant actions relative to the project;
 - Establish separate accounts, which will adequately and accurately depict all amounts received and expended on FARMER projects;
 - Establish separate accounts, which will adequately and accurately depict all income received which is attributable to the FARMER Program, including interest accrued on funds held by the Grantee, subcontractors, and participating air districts; and
 - Establish an accounting system, which will adequately depict final total costs of the FARMER Program, including both direct and indirect costs.
- c) **Other Records:** In addition to the records specified above, the Grantee must store all records in a safe and secure storage facility that maintains confidentiality (see Section IX, General Provisions, for more information). Files shall be retained for the life of the projects funded under this grant. The Grantee must submit all project records to CARB within 45 days after project completion, either in hard copy, or electronic file format.

5. Reporting

The Grantee must submit numbered, quarterly reports to CARB in accordance with the following schedule.

- Report 1: Covers grant execution through September 30, 2018, with the report due November 15, 2018;
- Report 2: Covers October 1, 2018 through December 31, 2018, with the report due February 15, 2019;
- Report 3: Covers January 1, 2019 through March 31, 2019, with the report due May 15, 2019;
- Report 4: Covers April 1, 2019 through June 30, 2019, with the report due August 15, 2019;
- Report 5: Covers July 1, 2019 through September 30, 2019, with the report due November 15, 2019;
- Report 6: Covers October 1, 2019 through December 31, 2019, with the report due February 15, 2020;

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- Report 7: Covers January 1, 2020 through March 31, 2020, with the report due May 15, 2020;
- Report 8: Covers April 1, 2020 through June 30, 2020, with the report due August 15, 2020;
- Report 9: Covers July 1, 2020 through September 30, 2020, with the report due November 15, 2020;
- Report 10: Covers October 1, 2020 through December 31, 2020, with the report due February 15, 2021; and
- Report 11: Covers January 1, 2021 through March 31, 2021, with the report due May 15 2021 along with the final disbursement request.

Quarterly reports must be submitted through April 30, 2021, or until all funding has been expended. These reports may also be used to accompany grant disbursement requests.

These reports must be submitted electronically, using the template provided by CARB, and at a minimum, must contain the following information:

- Report number, title of program, district name, date of submission, and project grant number;
- Summary of projects under contract since the last progress report;
- Statement of work expected to be completed by the next progress report;
- Notification of any problems encountered and an assessment of their effects on the project's outcome;
- Project data necessary to calculate emission reduction benefits, track projects that are within and benefitting AB 1550 populations, and satisfy the requirements of the FARMER Program. Project data must be submitted using the reporting template provided by CARB;
- Documentation of any project implementation funds expended during the quarter, as detailed in Section VI.F, Documentation of Project Implementation Funds; and
- If the project is behind the schedule shown in Section V.B.6.a), Project Schedule, an explanation of the reasons and a detailed explanation of how the Grantee plans to resume the schedule.

For projects with a project life that extend past April 30, 2021, the Grantee must continue to report project data necessary to calculate emission reduction benefits and satisfy the requirements of the FARMER Program, using the reporting template provided by CARB, on an annual basis. Annual reports are due to CARB by August 29 each year and must cover data from July 1 of the previous year through June 30 of the current year.

- Exhibit A -

6. Project Monitoring

a) Project Schedule

To support timely emission reductions and track progress toward statutory fund expenditure requirements, the Grantee and CARB will work together to meet recommended progress milestones as shown below. Upon grant execution, the Grantee must make every effort to meet the schedule shown below.

Table 1: Project Schedule

Date	Milestone
June 30, 2019	50 percent of project funds obligated
December 31, 2019	75 percent of project funds obligated
	25 percent of project funds expended
June 30, 2020	100 percent of project funds obligated
	50 percent of project funds expended
March 30, 2021	100 percent of project funds expended

If the Grantee falls behind and is unable to resume the schedule, CARB reserves the right to reduce the dollar amount of future FARMER Program allocations and/or redirect funds to other districts with demand as described in Section VI.G, Procedure for Interdistrict Redirection of Grant Funds.

b) Meetings with CARB

1) Ongoing Coordination and Review Meetings: Ongoing Grantee coordination and review meetings with the CARB Project Liaison to discuss project status may be held as often as needed, but at a minimum, quarterly. Additional meetings may be scheduled at the discretion of the CARB Project Liaison. These meetings may be conducted by phone if deemed appropriate by the CARB Project Liaison. Project coordination and review meetings are the responsibility of the Grantee and should contain:

- Agenda for the meeting that includes the conference call information and issues to be discussed during the project update meeting;
- Project status update;
- Discussion of any difficulties encountered since the last project update meeting;

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- Cover the project timeline and steps needed to maintain the project timeline;
- Discussion of project milestones and upcoming deliverables;
- Notification of any pending disbursement requests; and
- Scheduling the next project update meeting.

2) Site Visits: Site visits may be conducted by the CARB Project Liaison during the term of the grant. Site visits may include reviewing ledgers and project files and conducting a program review.

c) Technical Monitoring

- 1) Any changes in the scope or schedule for the project requires the prior written approval of the CARB Project Liaison and may require an amendment to the grant agreement.
- 2) The Grantee must notify the CARB Project Liaison in writing immediately, if any circumstances arise (technical, economic, or otherwise), which might jeopardize the expenditure of the funds.
- 3) In addition to quarterly reports (discussed in Section V.B.5., Reporting), the Grantee must provide information requested by the Project Liaison that is needed to assess progress during the grant agreement timeline.

7. Other Duties

- a) Provide data updates or project records to CARB upon request.
- b) Respond promptly to legislative requests.
- c) Closely communicate with CARB to ensure that the most current project and equipment eligibility list is being used.
- d) Respond to public inquiries regarding FARMER, including providing data summaries to the public in response to data requests.

VI. Fiscal Administration

A. Budget

1. The maximum amount of this grant is \$5,572,100 with \$4,819,866 for project funding and up to \$752,234 for project implementation costs, of which up to \$55,721 can be used for Placer County fiscal administration. Under no circumstance will CARB reimburse or otherwise distribute funds to

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the Grantee more than this amount. A written grant agreement amendment is required whenever there is a change to the amount of this grant.

2. Project implementation funding may be reallocated to project funding in the event that the Grantee requests less funding for project implementation than the amount stated in the budget.
3. CARB reserves the right to redirect funds from the Grantee and reallocate to other districts with demand, pursuant to the schedule in Section V.B.6.a), Project Schedule, following the process outlined in Section VI.G, Procedure for Interdistrict Redirection of Grant Funds, or in the event that the Grantee informs CARB in a written letter that it will not be able to meet expenditure deadlines.
4. In the event of non-performance or termination, CARB shall require full recovery of the unspent funds by transfer upon the Grantee's accounts. The Grantee must provide fund transfer information within 45 days upon receipt of notice.

B. Program Funding

Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related expenses necessary to implement FARMER Program-eligible projects.

Project implementation funds may be used for work completed in the following categories:

- Labor expenses (including total staff time and labor costs);
- External subcontractor(s) fees for completed work, if applicable;
- Printing, mailing, traveling, and other outreach expenses; and
- Other indirect costs.

FARMER Program funding may be disbursed as follows:

- Up to 50 percent for the initial disbursement with proper documentation; and
- Once 50 percent of the previous disbursement of project funds is obligated, the Grantee may request up to 50 percent or the remaining balance of program funds, whichever is less, with proper documentation.

With each disbursement request, the Grantee must provide documentation as required in Section VI.C., Grant Disbursements. Requests for project funds not yet obligated to participants require a completed Air District Advance Payment Request Form and a list of projects that the Grantee intends to fund with the disbursement. CARB will disburse project funds for the amount documented in

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the project list and a proportional amount of project implementation funds, up to the maximum amount specified in the above disbursement schedule.

In no event shall the Grantee receive reimbursement for costs that exceed the maximum project implementation funding amount. Any project implementation funds not needed for project implementation may be transferred to project funds upon CARB's written approval. Any program funds not fully expended by the end of the grant term must be immediately returned to CARB.

The Grantee must demonstrate the advance been expended appropriately per the Program Guidelines supplying documents required in Section VI.C., Grant Disbursements. No further advance shall be disbursed until the Grantee has fully complied with all terms of the Grant. Failure to comply shall require the Grantee to return all amounts of unapproved expenditure to CARB within 60 days of written notification.

C. Grant Disbursements

The Grantee must mail original copies of Grant Disbursement Request Forms with "wet" signatures in blue ink to the CARB Project Liaison. Requests for payment must be made with the Grant Disbursement Request Form and contain all documentation required with the form. After the initial grant disbursement request, the Grantee must include an attachment that documents ongoing expenditures of previously disbursed project and project implementation funds with each subsequent grant disbursement request.

Grant payments are subject to CARB's approval of the completed Grant Disbursement Request Form and all other required documentation. A payment will not be made if the CARB Project Liaison deems that the required documentation is incomplete or insufficient, claimed expenses are not documented, or the Grantee has not met other terms of the grant agreement.

The Chief of the Mobile Source Control Division or designee of CARB may review the Project Liaison's approval or disapproval of a Grant Disbursement Request. No payment will be made for expenses that, in the judgment of the Chief of the Mobile Source Control Division, are not reasonable or do not comply with the grant agreement.

CARB shall disburse funds in accordance with the California Prompt Payment Act, Government Code, Section 927, et seq.

D. Advance Payment

1. Consistent with the Legislature's direction to expeditiously disburse grants, CARB is providing advance payments of grant awards in a timely manner to support project initiation and implementation with a focus on mitigating the

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constraints of modest reserves and potential cash flow problems. Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments.

2. Should advance payment be needed for FARMER Program grants, the following grant protections shall apply:
 - a) The advance payment is appropriate for the effective implementation of grants to local air districts. CARB may provide an advance of the direct project costs of the grant, including project implementation costs, if the program has moderate reserves and potential cash flow issues, as indicated on the Air District Advance Payment Request Form. Advance payments will not exceed the Grantee's interim cash needs.
 - b) The Grantee assumes legal and financial risk of the advance payment.
 - c) The Grantee shall place funds advanced under this section in an interest-bearing account. The Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.
 - d) The Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with Section V.B.5, Reporting, of this grant agreement.
 - e) Should the Grantee and CARB determine that a redirection of funds to another district is necessary in accordance with Section VI.G, Procedure for Interdistrict Redirection of Grant Funds, the Grantee must still demonstrate to CARB that any advance payment has been expended appropriately per the Program Guidelines, supplying documentation required in accordance with Section VII.C, Grant Disbursements. No further advance payment shall be disbursed until the Grantee has fully complied with all terms of the grant.
 - f) The Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 45 days following the final disbursement request deadline of March 30, 2021.
3. The Grantee must complete and submit to CARB for review and approval, an Air District Advance Payment Request Form, along with each grant disbursement that is requesting advance payment.

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E. Earned Interest

1. The Grantee must track interest accrued on any funds received. Interest earned on disbursements shall only be used for eligible grant-related expenses or returned to CARB.
2. "Earned interest" means any interest earnings generated from grant funds held by the Grantee in interest-bearing accounts.
 - a) Funds are required to be held in an interest bearing account and when interest is earned by the Grantee on the project, the earnings must be reported to CARB. All interest income on FARMER Program funds must be reinvested in and used by FARMER projects or returned to CARB. Interest earned that is reinvested in projects is not included as part of the total grant amount from CARB. The Grantee is responsible for reporting to CARB all project expenditures funded with interest earned on the project funds.
 - b) The Grantee must maintain accounting records (e.g., general ledger) that tracks interest earned, expended, or returned on the project funds, as follows:
 - 1) The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method.
 - 2) Interest earned must ensure that it is separately identifiable from interest earned on non-project funds.
 - 3) The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
 - 4) Documentation of interest earned and expenditures made on those funds or returned to CARB must be:
 - i. Retained for a minimum of three years after it is generated.
 - ii. Provided to CARB in quarterly reports.

F. Documentation of Project Implementation Funds

1. Project implementation costs are defined in the FARMER Program Guidelines.
2. The Grantee must ensure that documentation of all project implementation funds is maintained, including the following:

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- a) Staff time in actual hours or percent of hours devoted to project implementation, as well as staff wage, which shall be described in an official document of the District, such as a duty statement, a warrant, an invoice, or timesheet;
 - b) Implementation funds for subcontractor(s) and participating air districts must be documented. This could be reflected within documents such as a contract, invoices, or other documentation as agreed upon by the Grantee and CARB;
 - c) Printing, mailing, records retention, and travel expenses must be documented. The Grantee and the participating districts must provide copies of relevant District policies, and records that illustrate expenditure for the Program;
 - d) Any reimbursement for necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB. CalHR's travel and per diem reimbursement amounts may be found online at <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee; and
 - e) If project implementation funds are used for indirect costs, the Grantee must document and describe how these costs are determined.
3. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for the life of the projects funded under this grant by the Grantee.
 4. The above documentation must be summarized to CARB in quarterly reports, Grant Disbursement Requests, and throughout the term of the grant agreement.

G. Procedure for Interdistrict Redirection of Grant Funds

In the event that the Grantee falls behind schedule and is unable to resume the schedule shown in Section V.B.6.a), Project Schedule, CARB reserves the right to redirect funds to other districts with demand and/or impact future allocations. To facilitate district-to-district redirection of FARMER Program funds and ensure an appropriate audit trail when grant funds are redirected to another air district, the following conditions apply:

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1. Resolutions or minute orders from both districts that show Board approvals of the redirection must be provided to CARB.
2. A Memorandum of Understanding (MOU) between the two districts addressing the items listed below must be provided to CARB. This can take the form of a letter signed by both district Air Pollution Control Officers (APCO) that:
 - a) Spells out the details and conditions of the redirection of funds.
 - b) Confirms that the transferring district remains formally liable to CARB for the transferred funds. However, the receiving district must indemnify and hold harmless both the transferring district and CARB.
 - c) Identifies the funding year and the associated expenditure deadline of the redirected funds.
 - d) Specifies how and when the payment will be made from the Grantee district to the Sub-Grantee district that is receiving funds; CARB will only disburse to the Grantee district.

VII. Termination and Suspension of Payments

- A. CARB reserves the right to terminate this grant upon thirty days' written notice to the Grantee. In case of early termination, the Grantee will submit a Grant Disbursement Request Form and a quarterly report covering activities up to, and including, the termination date, and following the requirements specified herein and in Section IX, General Provisions, of these provisions and immediately return remaining funds, including any earned interest.
- B. CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. The grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the Grantee chooses to continue work on the project after receiving a grant suspension order, the Grantee will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB at its sole discretion will reimburse the Grantee for any expenses incurred during the suspension that CARB deems reimbursable in accordance with the terms of the grant.

VIII. Oversight and Accountability

- A. The Grantee will comply with all oversight responsibilities identified in the Farmer Program Guidelines, any future Program Advisories and Mail-Outs, and this grant agreement.

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- B. CARB or its designee reserves the right to audit at any time during the duration of this grant the Grantee's costs of performing the grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Grantee shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
- C. CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which a Grantee, manufacturer or project participant is in significant or continual non-compliance with the terms of this grant or State law. CARB also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.

IX. General Provisions

- A. **Amendment:** No amendment or variation of the terms of this grant agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the grant agreement is binding on any of the parties.
- B. **Assignment:** This grant is not assignable by the Grantee, either in whole or in part, without the consent of CARB in the form of a formal written amendment.
- C. **Availability of funds:** CARB's obligations under this grant agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this grant agreement.
- D. **Audit:** The Grantee agrees that CARB, the Department of General Services, Department of Finance, State Controller's Office, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this grant and all State funds received. The Grantee agrees to maintain such records for possible audit for the life of the projects funded under this grant, unless a longer period of records retention is stipulated. The Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Grantee agrees to include similar right of the State to audit records and interview staff in any subgrant or subcontract related to performance of this agreement.
- E. **Compliance with law, regulations, etc.:** The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply

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with all applicable federal and State laws, rules, guidelines, regulations, and requirements.

- F. Computer software:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this grant agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- G. Confidentiality:** No record which has been designated as confidential by CARB shall be disclosed by the Grantee. If CARB opts to maintain the confidentiality of a document, and the entity requesting the records seeks a judicial ruling challenging that determination, CARB will defend the action at its own expense, including any requirement to pay attorney fees and court costs.
- H. Conflict of interest:** The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws.

The Grantee may have no interest, and must not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the tasks described herein. The Grantee must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties throughout the grant term. CARB may consider the nature and extent of any actual, apparent, or potential conflict of interest in the Grantee's ability to perform the grant.

The Grantee must immediately advise CARB in writing for any potential new conflicts of interest throughout the grant term.

- I. Disputes:** The Grantee shall continue with the responsibilities under this grant agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this grant agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB staff shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- J. Environmental justice:** In the performance of this grant agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
- K. Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be

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sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this grant agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.

- L. **Force majeure:** Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this grant agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.
- M. **Governing law and venue:** This grant is governed by and shall be interpreted in accordance with the laws of the State of California, CARB and the Grantee hereby agree that any action arising out of this grant agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this grant agreement.
- N. **Grantee's responsibility for work:** The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract for work on the Project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- O. **Indemnification:** The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee, and out of the operation of equipment that is purchased with funds from this grant award.
- P. **Independent Contractor:** The Grantee, and its agents and employees, if any, in their performance of this grant agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
- Q. **Nondiscrimination:** During the performance of this grant agreement, the Grantee and its third party entities shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), sexual orientation, marital status, or allow denial of family care

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leave, medical-care leave, or pregnancy-disability leave. The Grantee and its third party entities shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this grant agreement.

- R. **No third party rights:** The parties to this grant agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this grant agreement, or of any duty, covenant, obligation or undertaking established herein.
- S. **Personally Identifiable Information:** Information or data, including, but not limited to, records that personally identify an individual or individuals are confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee must safeguard all such information or data which comes into their possession under this agreement in perpetuity, and must not release or publish any such information, data, or financing assistance records.
- T. **Prevailing wages and labor compliance:** If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this grant agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- U. **Professionals:** For projects involving installation or construction services, the Grantee agrees that only licensed professionals will be used to perform services under this grant agreement where such services are called for and licensed professionals are required for those services under State law.
- V. **Severability:** If a court of competent jurisdiction holds any provision of this grant agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.

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- W. Termination:** CARB may terminate this grant agreement by written notice at any time prior to completion of projects funded by this grant agreement, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this grant agreement.
- X. Timeliness:** Time is of the essence in this grant agreement. The Grantee shall proceed with and complete the Project in an expeditious manner.
- Y. Waiver of Rights:** Any waiver of rights with respect to a default or other matter arising under the grant agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this grant agreement are in addition to any other rights and remedies provided by law.
- Z. Incorporated Documents:** The Grantee is authorized to administer a local program according to the requirements described in the following documents, which are incorporated as part of this grant agreement:
- o FARMER Program Guidelines and any future approved Guidelines, current Program Advisories and Mail-outs, and future Program Advisories and Mail-outs issued during the grant performance period; and
 - o Carl Moyer Program 2017 Guidelines and any future approved Carl Moyer Program Guidelines, current Program Advisories and Mail-outs, and future Program Advisories and Mail-outs issued during the grant performance period.

Ross Bell

From: John Waldrop
Sent: Thursday, February 21, 2019 3:51 PM
To: Ross Bell
Subject: FW: FARMER Applicant

From: Josh Lowe [mailto:josh@capcoa.org]
Sent: Monday, November 19, 2018 11:13 AM
To: John Waldrop <jwaldrop@co.shasta.ca.us>
Subject: FARMER Applicant

From: Steve Brink [mailto:steveb@calforests.org]
Sent: Friday, November 02, 2018 9:35 AM
To: Heather Kuklo
Cc: kheadrick1@outlook.com
Subject: FW: Farmer Program

Heather – per our phone conversation – Kaitlyn Rhoades from Headrick Logging wishes to apply to the FARMER Program to replace a piece of Off-Road Forestry Equipment. She’s in Shasta County. Shasta County told her they aren’t accepting FARMER Program applications. Shasta County then suggested CAPCOA, which, of course, was not a useful piece of information. CAPCOA does the evaluation of the consolidated rural county applications.

Who should Kaitlyn talk to in order to get the correct form to fill out and who does she send it too?

I believe directing Kaitlyn to another County will be problematic because it’s likely they won’t accept an “out of County” application.

Steven A. Brink
VP-Public Resources
1215 K St., #1830
Sacramento, CA 95814
916 208 2425
steveb@calforests.org

From: Kaitlyn Rhoades <kheadrick1@outlook.com>
Sent: Monday, October 29, 2018 12:02 PM
To: Steve Brink <steveb@calforests.org>
Subject: TIMBER Program

Hi Steve,

My name is Kaitlyn and I work for Headrick Logging, I was wondering what your thoughts are on the TIMBER program? Is it worth it?

I have called and spoke to Evan Powers in June, I also emailed Erik White and received an email back from someone else for him, which still didn't clear things up for me. I was in contact with my local county, which is Shasta County, air pollution specialist Lindsey Welch since we first found out about the program earlier this year. She notified me recently

that Shasta County is not currently accepting applications, and are not sure if they are going to participate due to little allocated funds but that I can apply to another district. I just have not been getting a clear answer on which counties I am actually allowed to apply to. Some people are saying any and others are saying only other counties in which you are running that specific piece of equipment in? Also, I was told that there is no executed contract with CAPCOA at this point, so if I do submit an application are they being reviewed now or are they waiting until contracts are final? I just don't want to submit an application and it get lost in the interim.

Thank you for your time,

Kaitlyn Rhoades

Safety Coordinator
Headrick Logging
Ph:(530) 247-8000
Fax:(530) 248-8002

Josh Lowe
Air Quality Specialist

California Air Pollution Control Officers Association
1107 Ninth Street, Suite 1005
Sacramento, CA 95814
P: (916) 441-5700 | F: (916) 441-5708 | josh@capcoa.org